COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year: 2019 - 2020

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2020

City of Princeton, Texas

City Manager
Derek Borg

Director of Finance
Carron Prigmore

CITY OF PRINCETON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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PRINCETON
TEXAS

April 12, 2021

Honorable Mayor and Members of the City Council
City of Princeton
Princeton, Texas

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report ("Report") of the City of Princeton, Texas for the fiscal year ended September 30, 2020 is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this Report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

LaFollett and Company, PLLC has issued an unmodified ("clean") opinion on the City of Princeton's financial statements for the year ended September 30, 2020. The independent auditor's report is located in the beginning of the financial statement section of the Report.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

GENERAL INFORMATION – CITY OF PRINCETON

In the late 1870s, T.B. Wilson and his brother George began farming near the site of future Princeton. In 1881, the Missouri, Kansas and Texas Railroad Company extended its line from Greenville to McKinney, passing through land owned by the brothers. The name Wilson's Switch was commonly used to designate the area but when the residents of the community applied for a post office branch, they learned that the name Wilson was already being used. The name Princeton was then selected, to honor Prince Dowlin, a landowner and promoter of the town. This name was accepted and a post office was established in 1888.

Princeton is a rapidly growing City in Collin County, Texas. Princeton is located in northeast Collin County between the cities of McKinney and Greenville on U.S. Highway 380. Collin County is currently one of the fastest growing counties in Texas.

The City of Princeton is a political subdivision and operates under the General Law type "A" form of government. Policy-making and legislative authority are vested in the governing body, which consists of a Mayor and five-member council.

The financial reporting entity (the government) includes all the funds of the primary government. The government provides a full range of services including police protection and a combination of paid and volunteer fire department, sanitation services; community development; code enforcement; two public parks, and a city library; the construction and operation of water, sewer, drainage, solid waste services, and infrastructure; and cultural events.

ECONOMIC CONDITIONS AND OUTLOOK

Princeton is located in the eastern part of Collin County, approximately six miles east of U.S. Highway 75 that connects Dallas to Oklahoma and on U.S. 380, the primary regional transportation artery that connects Texas to New Mexico on the west and to I-30 on the east. The City is approximately thirty-eight miles from DFW International Airport, which is centrally located between Dallas and Ft. Worth.

The neighboring City of McKinney, Texas is located immediately west of Princeton. The City of McKinney has experienced remarkable growth over the past ten years, growing to over 182,000 residents. This growth has extended to the east into Princeton and development has been steadily increasing over the past year. Since 1980, Collin County has been a growth center in the state, moving north and reaching Princeton and other small cities over the past decade.

The City is continuing to grow as the economy remains stable. Several new residential developments continue to begin construction on new lots. Using an average of 3 persons per household, the population is currently estimated at over 20,000. The City is in the process of constructing a new City municipal center that will be the home of the Administration, Police Department, Fire Administration, development, and utility billing.

According to the *Dallas Morning News*, Collin County is set to have over 2.4 million residents by 2050, according to the Texas Demographic Center. That's more than three times its population in 2010. Other estimates put the county's 2050 population as high as 3.5 million. To put that in perspective, according to 2017 population estimates from the U.S. Census Bureau, Dallas County had 2.6 million residents and Tarrant County just over 2 million.

A lot of the county's growth, is driven by businesses moving to the area. In the last several years, dozens of companies have set up shop in Collin County.

Economic Indicators and Tax Rate

- The new 108-acre business park, now named the *Bois D 'Arc Business Park*, sponsored by the Princeton Economic Development Corporation, is now marketing and selling properties to new businesses. Since last year at this time the Business Park will be home to a manufacturing company that make detailing equipment for automobiles bringing approximately 60 new jobs to the economy, 5 acres of flex retail/warehouse space, and several more acres are in the feasibility phase by other businesses.

- Several new businesses including another 7-11, T-Mobil, and Smoothie King are locating their establishments here in Princeton paving the way for many new jobs.

- The Princeton ISD continues to build new facilities to keep up with the growth. There are now 4 elementary schools, 3 intermediate schools, and 1 high school. There is a new high school currently under construction.

- Princeton receives its water from North Texas Municipal Water District in Wylie, Texas. The District supplies water to most of the communities in North Texas, and is expanding its capability by building an additional reservoir at the Lower Bois D 'Arc Creek location. This is now nearing completion and will serve the growth of the region well into the future.

- Property tax revenues increased 6% over FY2019. It is estimated that more than 42% of this increase is due to additions to the tax roll from new properties.

- Sales tax revenues increased 2% over FY2019 and is projected that this increase will continue into the new budget year.

Long Term Financial Planning and Capital Improvements

Princeton completed the process of doing its Impact fee update to insure the funds are appropriately collected from the development for the future growth in capacity. We keep a close eye on the sales tax and property values and work close with the Princeton EDC to identify potential opportunities to incentivize local business in order to support our local economy. The EDC has created a Façade incentive program to help the businesses upgrade their properties, offering the property owners a 70% cost share by the EDC for property owners that can invest up to $3,000 and receive $7,000 from the EDC. In addition to this document, interested parties are encouraged to read the FY 2021 Annual Budget. The Budget document outlines the individual components of the City's revenue and expenditures. The document also outlines strategic long term planning principals and goals, along with the capital improvement planning and projects.

Major Capital Improvement Projects Underway or Under Design

Some of the street reconstruction projects include: The reconstruction of Tickey Dr., East Gantt Street. And other streets are under design for inclusion in the next street bond projects.

Some of the new facilities coming include: New public park space and Municipal Center, more walking trails, Community Center funded by the Princeton CDC, the CDC is conducting a feasibility study for a Civic Center that will provide activities for all ages, and a new fire station on Myrick lane is under construction.

Water and waste water projects: Nearing completion is the pump station at Forest Grove, a new 36" waste water line accessing the north Texas lift station on Myrick Lane, and a chemical feed at the Dogwood pump station, and under design is a new elevated storage tank and water mains for the south part of the City.

A detailed description and list can be found in the 2021 FY budget, it outlines all of the capital improvement projects and opinions of probable cost.

Accounting Procedures and Budgetary Concepts

The City's accounting records for general government are maintained on a modified accrual basis with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis.

In accordance with the City's Budget Policy, the budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's Director of Finance, and expenditure estimates by each City department. Budgets are reviewed by the City Manager and the Director of Finance, and a preliminary draft of the proposed budget is submitted to the Mayor for review. Following the Mayor's review, the draft budget is referenced during budget workshops. It is the responsibility of the Mayor to present the City's annual operating budget to the City Council for their approval.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the City Manager, Director of Finance, and the City Council concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year. The legal level of budgetary control is maintained at the fund level – budget amendments increasing total expenditures within a fund require formal approval by the City Council.

It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to 90 days of expenditures. If unassigned fund balance falls below the goal or has a deficiency, the City will implement a plan to restore the 90-day unassigned fund balance reserves.

During the course of the fiscal year, expenditure controls are maintained by each department head with overall review exercised by the Director of Finance. Monthly departmental expenditures are generated by an automated management accounting system and provide expenditure totals for the most recently completed month, as well as a year-to-date total, and an actual versus planned rate of expenditure. Major expenditure requests are approved by the City Council when the budget is approved.

The objective of these controls is to regulate expenditures to be in accordance with the budget and the directives of City Council. These controls are inherently limited by the segregation of duties of a small government.

General Governmental Functions

Tax Rates: All eligible property with the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. The City's tax rate history as adopted by the City Council is shown below:

	Tax Rate
2016-2017	0.689890
2017-2018	0.689890
2018-2019	0.688820
2019-2020	0.676299
2020-2021	0.651215

OTHER INFORMATION

Independent Audit: The City of Princeton has engaged the firm of LaFollett and Company PLLC to perform the annual audit and their opinion has been included in this Report. It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and state that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the City at September 30, 2020 and the changes in financial position and cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Acknowledgements

Many persons are responsible for the preparation of this Report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those of the Finance Department who were instrumental in the successful completion of this Report.

Our appreciation is also extended to the Mayor and City Council for providing the resources necessary to maintain the integrity of the City's financial affairs.

Respectfully submitted,

Derek Borg
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Princeton
Texas

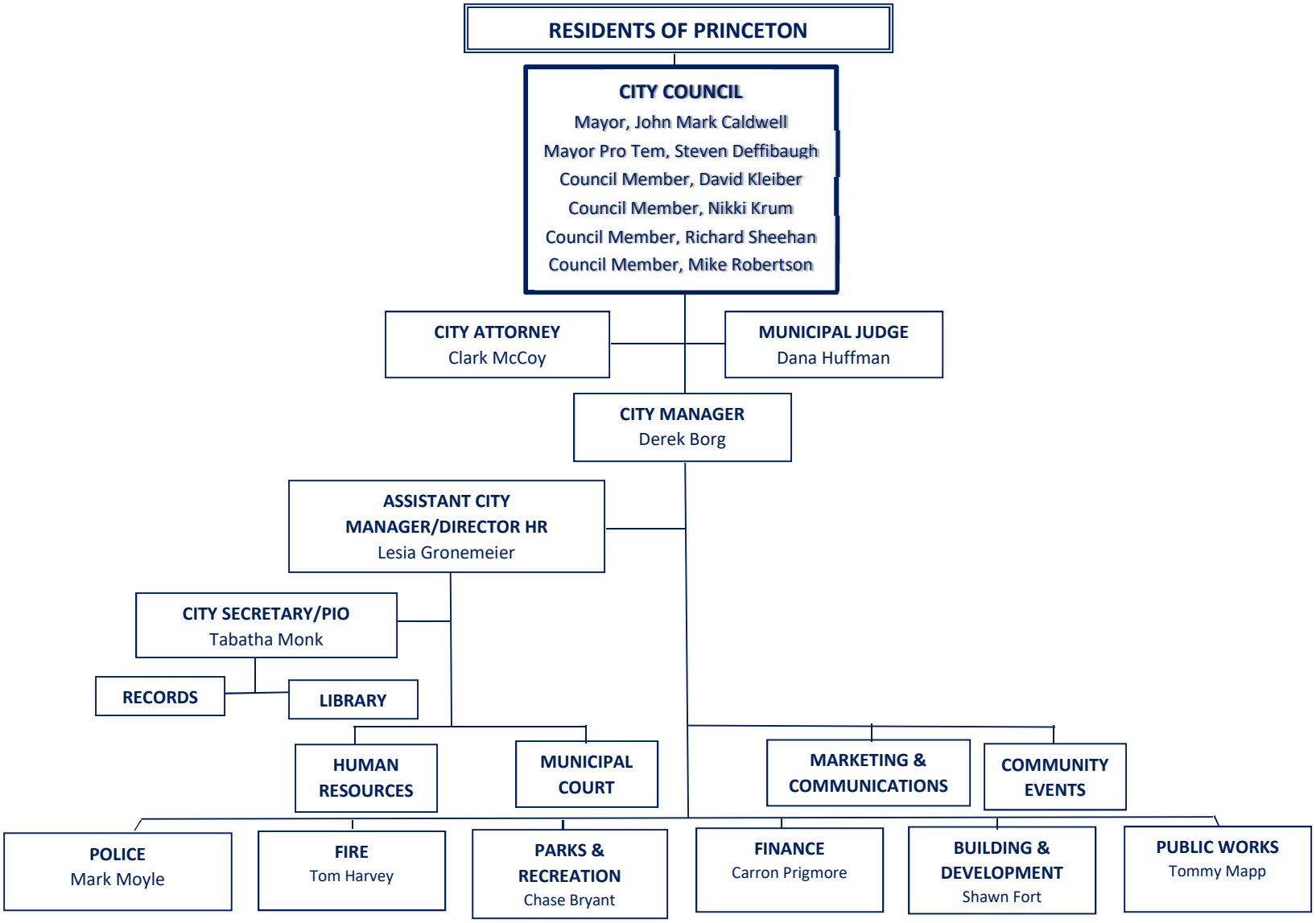
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Executive Director/CEO

CITY OF PRINCETON

Organization Chart



CITY OF PRINCETON, TEXAS

For the year ended September 30, 2020

City Council

John-Mark Caldwell, Mayor

Steve Deffibaugh, Mayor Pro-Tem

David Kleiber

Nikki Krum

Richard Sheehan

Mike Robertson

CITY OF PRINCETON
THE STATE OF TEXAS

FINANCIAL SECTION

CITY OF PRINCETON
THE STATE OF TEXAS

LaFollett and Company PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the City Council of the
City of Princeton, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Princeton, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Princeton, Texas, as of September 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

LaFollett & Company PLLC
PO Box 717 · Tom Bean, TX · 75489
903-546-6975 · www.lafollettcpa.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3-14 and the required supplementary information as listed on the table of contents on pages 66-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section on pages i-vii, the combining and individual fund financial statements and schedules on pages 72-85, and statistical section on pages 89-111 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion on them or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Princeton, Texas internal control over financial reporting and compliance.

LaFollett & Company PLLC
Tom Bean, Texas
April 12, 2021

CITY OF PRINCETON,TEXAS

MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

As management of the City of Princeton ("City"), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative:

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the fiscal year by $117,809,061 (net position). Of this amount, $46,604,207 , or 40%, is restricted for certain purposes. The unrestricted net position of ($9,928,569), or (8%), is due to the governmental activities issuing debt at the end of the fiscal year for the Municipal Complex project that resulted in an unrestricted fund balance of ($16,835,067) (net position). The Business-type activities has an unrestricted fund balance of $6,906,498 that may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $39,987,104. This increase is primarily a result of an increase in developer contributions in both governmental and business-type activities.

- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of $46,110,359, an increase of $30,791,407, or 201%, in comparison with the prior year. This increase is attributed to the issuance of the debt at the end of the fiscal year and monies received from other government entities for street infrastructure projects.

- At the end of the current fiscal year, unassigned fund balance for the General Fund of $3,467,630 was 34% of total General Fund expenditures for the fiscal year.

- In the government-wide statement, the City's total long-term obligations increased by $17,277,014, or 53%. This is primarily due to the City issuing long-term debt at the end of the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, in a manner similar to that of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting.

The government-wide statements, pages 17 – 19, are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales taxes and charge for services finance most of these activities. The business-type activities are those that the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system and storm water drainage activity are reported as business-type activities. The final category is the component units. The City includes two separate legal entities in its report – the Princeton Economic Development Corporation and the Princeton Community Development Corporation. Although legally separate, these component units are important because the City is financially accountable for them.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in Texas, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary fund.

Governmental Funds – Governmental funds are used to account for the majority of the City's activities, which are essentially the same functions as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as resources available for future spending at the end of the fiscal year. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. When compared with similar information in the broader government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliation is provided that details the relationships or differences between governmental activities and governmental funds; reconciliation follows the fund financial statements.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, TIRZ Fund, Debt Service Fund, and Capital Projects Funds, all of which are considered to be major funds. The basic governmental fund financial statements can be found on pages 20 – 27 of this report.

The City adopts an annual budget for its General Fund and Debt Service Fund, as required by the General Statutes. The budgets are a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund and Debt Service Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedule uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The schedule shows four columns: 1) original budget; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances; and 4) the difference or variance between the final budget and the actual resources and charges. The General Fund Budgetary Comparison Schedule can be found on page 24.

Proprietary Funds – The City has one type of proprietary fund – Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations and storm water drainage operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations and the storm water drainage fund.

The basic proprietary fund financial statements can be found on pages 25 - 27 of this report.

Fiduciary Responsibilities

The City is the trustee, or fiduciary, for certain amounts held on behalf of the developers. All of the fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The activities of these funds are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

The basic fiduciary fund financial statement can be found in pages 70 - 71.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 28 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and net pension liability. This information is on pages 64 - 67 of this report.

	NET POSITION					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 50,407,540	$ 19,226,963	$ 17,636,374	$ 13,299,616	$ 68,043,914	$ 32,526,579
Capital assets	60,100,840	49,152,504	45,353,556	32,969,012	105,454,396	82,121,516
Total assets	110,508,380	68,379,467	62,989,930	46,268,628	173,498,310	114,648,095
Deferred outflow-pension/OPEB	636,038	616,824	531,062	535,476	1,167,100	1,152,300
Long-term liabilities	43,330,179	25,616,476	8,070,611	8,562,591	51,400,790	34,179,067
Other liabilities	1,850,128	1,096,876	3,372,411	2,697,086	5,222,539	3,793,962
Total liabilities	45,180,307	26,713,352	11,443,022	11,259,677	56,623,329	37,973,029
Deferred inflow-pension/OPEB	174,294	4,510	58,726	1,315	233,020	5,825
Net position:						
Investment in capital assets	43,236,379	12,622,746	37,897,044	24,609,087	81,133,423	37,231,833
Restricted	39,388,505	13,237,763	7,215,702	5,523,425	46,604,207	18,761,188
Unrestricted	(16,835,067)	16,417,920	6,906,498	5,410,600	(9,928,569)	21,828,520
Total net position	$ 65,789,817	$ 42,278,429	$ 52,019,244	$ 35,543,112	$ 117,809,061	$ 77,821,541

As noted earlier, net position may serve over time as one useful indicator of a government's financial position. The combined net position of the City was $117,809,061 as of September 30, 2020. The City's net position increased $39,987,104, excluding prior period adjustment, for the fiscal year ended September 30, 2020.

Net invested in capital assets:
The largest portion, $81,133,423, or 70%, reflects the City's investment in capital assets (i.e., land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Restricted net position:
The restricted net position of $46,604,207, or 40%, of total net position represents resources that are subject to external restrictions on their use or by enabling legislation or outside third parties. Restricted net position is comprised of state/federal and contractually imposed restrictions which are: $1,394,096, or 3%, for debt service requirements, capital improvements of $44,405,259 or, 95%, that includes impact fees, PEG fees, and TIRZ ad valorem taxes, and use by court, public safety, and general government of $804,852, or 2%.

Unrestricted net position:
Unrestricted net position of ($9,928,569), or (9%), is available to fund City programs to citizens and debt to creditors. The significant decrease in unrestricted net position is due, in part, to the issuance of debt for the new City Hall complex. See Note H for more detail of this debt.

CHANGES IN NET POSITION

	Governmental Activities		Business Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	$ 9,413,940	$ 6,792,905	$ 14,884,726	$ 12,037,843	$ 24,298,666	$ 18,830,748
Operating grants and contributions	1,136,807	537,984	1,724	800	1,138,531	538,784
Capital grants and contributions	16,061,420	6,134,007	12,530,784	4,558,040	28,592,204	10,692,047
General Revenues:						
Property taxes	7,472,581	6,053,199	-	-	7,472,581	6,053,199
Sales taxes	1,928,514	1,540,373	-	-	1,928,514	1,540,373
Franchise taxes	417,291	401,613	-	-	417,291	401,613
Other taxes	2,613	4,466	-	-	2,613	4,466
Investment income	128,794	248,494	103,372	165,375	232,166	413,869
Donations-not restricted for specific purpose	365	365	-	-	365	365
Miscellaneous	68,405	23,171	1,312	62,274	69,717	85,445
Total revenues	36,630,730	21,736,577	27,521,918	16,824,332	64,152,648	38,560,909
Expenses:						
General government	1,236,657	2,332,105	-	-	1,236,657	2,332,105
Public safety	5,341,659	4,559,343	-	-	5,341,659	4,559,343
Library	229,122	251,596	-	-	229,122	251,596
Public services and operations	1,326,917	1,217,468	-	-	1,326,917	1,217,468
Parks and recreation	1,056,310	1,000,471	-	-	1,056,310	1,000,471
Public works	3,335,833	2,672,048	-	-	3,335,833	2,672,048
Water and sewer	-	-	10,020,436	8,714,182	10,020,436	8,714,182
Storm water drainage	-	-	523,756	409,731	523,756	409,731
Interest on long-term debt	782,724	538,930	312,130	302,851	1,094,854	841,781
Total expenses	13,309,222	12,571,961	10,856,322	9,426,764	24,165,544	21,998,725
Increase/(decrease) in net position before transfers	23,321,508	9,164,616	16,665,596	7,397,568	39,987,104	16,562,184
Transfers	187,106	254,021	(187,106)	(254,021)	-	-
Increase/(decrease) in net position	23,508,614	9,418,637	16,478,490	7,143,547	39,987,104	16,562,184
Net position - beginning of year	42,278,429	32,803,957	35,540,754	28,397,207	77,819,183	61,201,164
Prior period adjustments	2,774	55,835	-	-	2,774	55,835
Net position - end of year	$ 65,789,817	$ 42,278,429	$ 52,019,244	$ 35,540,754	$ 117,809,061	$ 77,819,183

Governmental activities increased net position by $23,508,614, excluding prior period adjustment, during the current fiscal year. Key elements of this increase are as follows:

Revenues

* Contributions from developers and Collin County accounts for $7,888,493, or 34%, for capital street infrastructure projects.
* Collection of property tax increased $1,419,382, or 6%, due to properties that were added to the tax roll.
* Permits and fees increased $1,501,314, or 6%, with building permits being over 50% of this increase.

Expenditures

Governmental expenditures increased $737,261 over the prior fiscal year.

Revenues

Business-type activities increased net position by $16,478,490during the current fiscal year. Key elements of this increase are as follows:

* Charge for services accounts for $2,846,883, or 17%, as a result of residential growth adding approximately 1,400 new customers.
* Contributions from developers for utility infrastructure is $7,972,724, or 48% over the prior fiscal year.

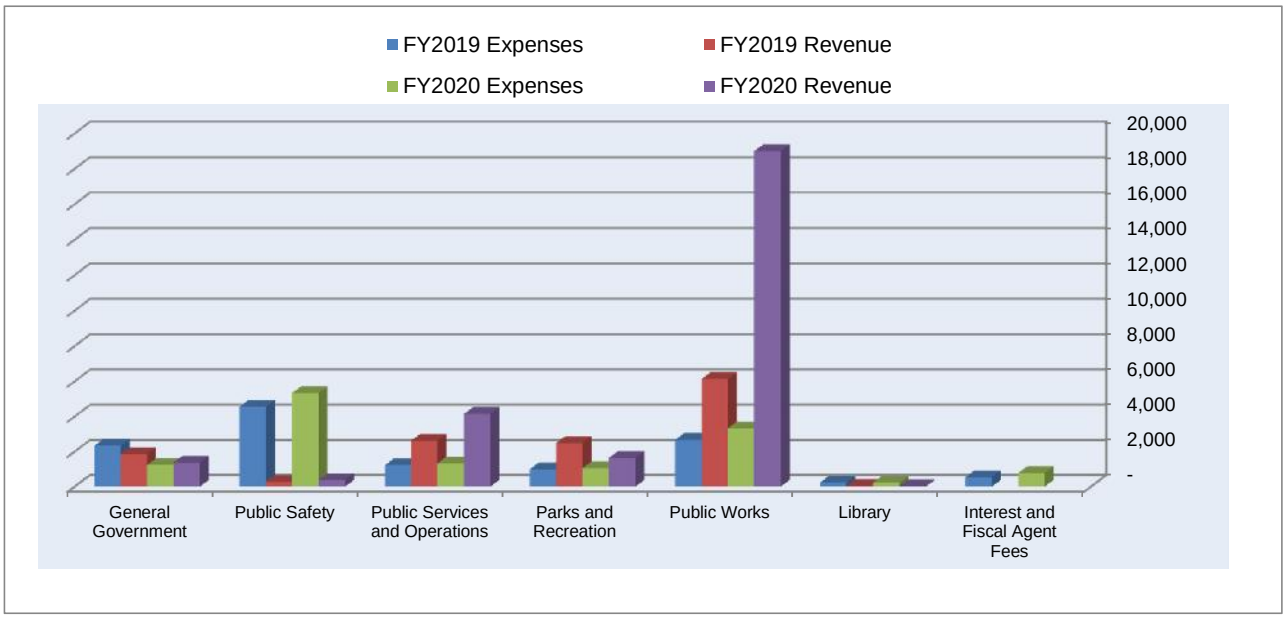
Expenses

Business-type expenses increased $1,429,558 One key element of this increase is for solid waste services. The cost for this service accounts for $423,889, or 30% and maintenance and operation increased $660,271, or 46%, over the prior fiscal year.

Expenses and Program Revenues - Governmental Activities

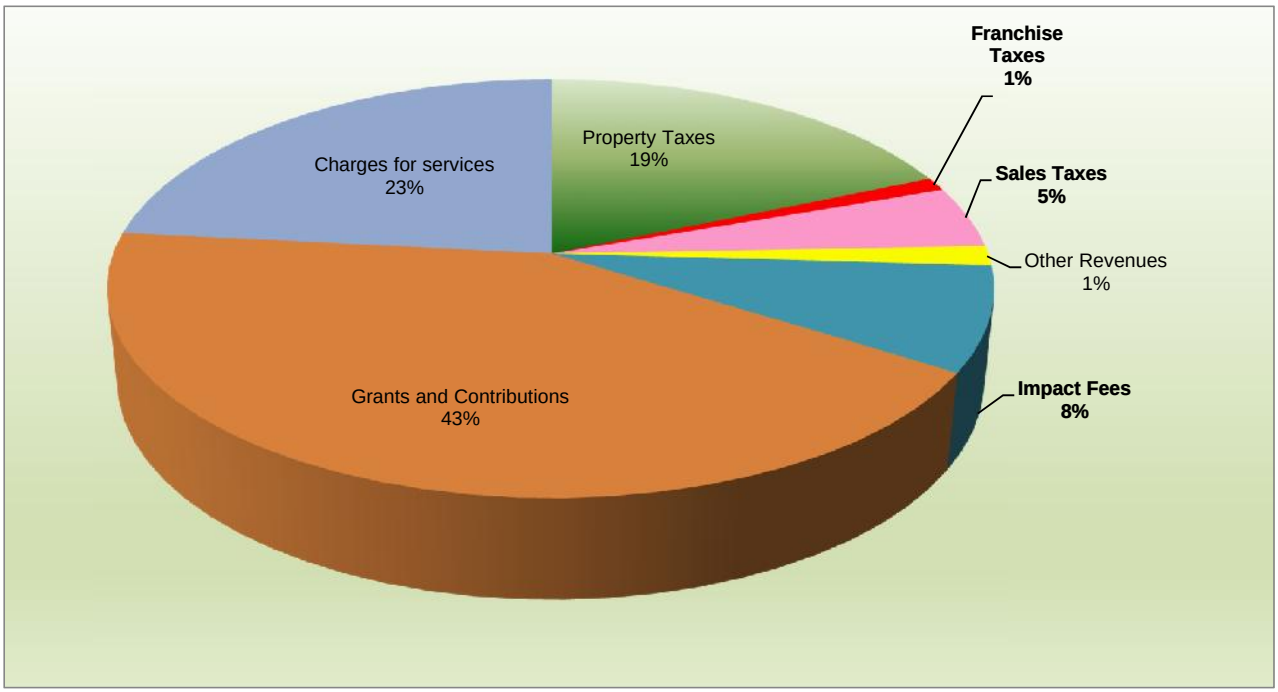
The following chart illustrates the relationship between expenses and program revenues for governmental-type activities:

(amounts expressed in thousands)



The following chart visually illustrates the City's revenues by sources for governmental activities:

Revenues by Source - Governmental Activities



Total revenues for the City's governmental activities increased $14,894,153, or 68.5%. Major components of revenue increases and decreases are explained as follows:

* Property tax collections increased $1,471,386, or 7%, due to new properties being added to the tax roll.
* Sales tax collections increased $388,141, or 2% over prior year collections.
* Charge for services increased $2,621,035, or 39%. This is due to the negotiation of PID Fees from developers to assist with park improvements.
* Capital contributions increased $7,834,588, or 162%, due to more street infrastructure projects completed by developers.

Expenditures for the City's governmental activities increased $737,261, or 6%. This is due in large part to the hiring of personnel in the Fire Department

Debt Service Fund

Debt Service fund balance increased $497,370, or 55%. This is due to the issuance costs associated with the Certificates of Obligation issued at the end of the fiscal year.

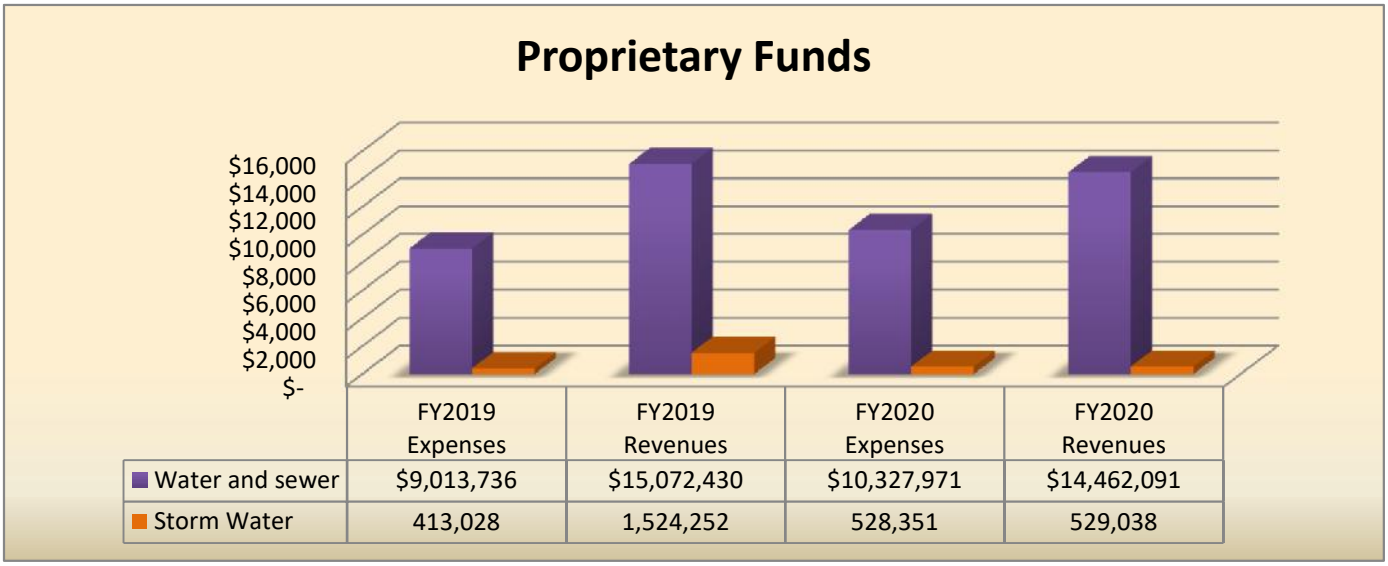
Capital Projects Funds

The governmental capital projects fund balances increased $27,999,996, or 256%. This is due to the issuance of the 2020 Certificates of Obligation and contributions made by other governmental entities for street projects.

Expenditures and Program Revenues - Business-type Activities

Revenues - The following chart visually illustrates the City's revenue by sources for business-type activities:

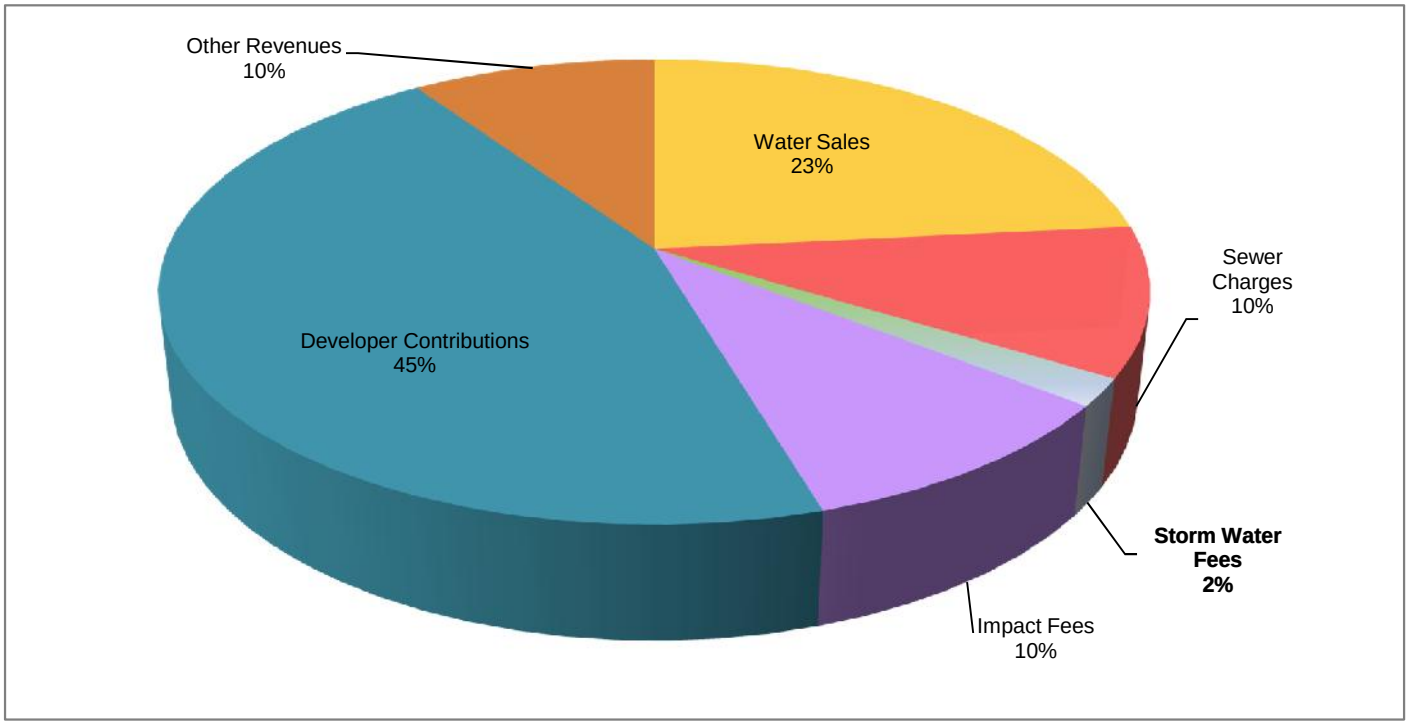
(amounts expressed in thousands)



	FY2019 Expenses	FY2019 Revenues	FY2020 Expenses	FY2020 Revenues
Water and sewer	$9,013,736	$15,072,430	$10,327,971	$14,462,091
Storm Water	413,028	1,524,252	528,351	529,038

Revenues by Source - Business-type Activities

Revenues - The following chart visually illustrates the City's revenue by sources for business-type activities:



Revenues from business-type activities increased, $2,846,883, or 24%. Major components of the net increase are as follows:

* Charge for services increased $1,658,073, or 16%, due to more customers being added each year. Water sales increased $994,274 and sewer revenues increased $503,512.
* Utility impact fees collected increased $635,796, or 31%.
* Capital contributions increased $7,972,744, or 175%. This is due to more infrastructure being built during the current fiscal year in comparison to the prior fiscal year.

Expenses for business-type activities increased, $1,977,983, or 23%. This increase is for slight increase in cost to purchase water from NTMWD and maintenance and operations of the utility systems.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds
The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance serves as a useful measure of the City's resources available for spending at the end of the fiscal year.

At September 30, 2020, the City's governmental funds reported combined ending fund balances of $46,070,510, a 202% increase in comparison with the prior year, excluding prior period adjustment. Of this amount, $3,467,630, or 8%, is unassigned fund balance.

- Nonspendable fund balance of $162,215, or 0.4%, of total fund balance consists of amounts that are not spendable in form and are contractually required to be maintained intact. These amounts are as follows:
  - $142,631, or 87.9%, is for prepaid items; and
  - $19,584, or 12.1%, is for inventory of fuel.

- Restricted fund balances of $39,388,505, or 85.5%, of total fund balance consists of amounts restricted by external laws or contractual obligations. These are as follows:
  - $1,394,096, or 3.5%, for debt service requirements;
  - $145,626, or .4%, for state imposed restrictions for use of court fees and police;
  - $659,226, or 1.7%, for operating grants and contributions from CARES Act funding;
  - $37,189,557, or 94.4%, for capital improvements that includes:
    $2,316,784 for the construction of a new fire station; $8,787,725 for street improvements; $972,590 for park improvemente and $19,911,706 for the new City Hall complex.

- Committed fund balance of $936,497, or 2%, that was approved by the City Council is for capital replacement and improvements as follows:
  - $876,815, or 93.6%, for parks and recreation capital replacement and park improvements collected from developer fees;
  - $21,637, or 2.3%, for public safety for capital replacement;
  - $23,545, or 2.5%, for public works for capital replacement; and
  - $14,500, or 1.5%, for development for capital replacement.

- Assigned fund balance of $2,155,512, or 5%, of total fund balance, are as follows:
  - $965,634, or 45%, is for public safety paid by negotiated PID fee from developer for construction of additional fire station;
  - $1,189,878, or 55.%, is for the parks and recreation by collection of negotiated PID fee from developer.

The General Fund is the chief operating fund of the City and had an unassigned fund balance of $3,467,630, at the end of the current fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 34% of total General Fund expenditures.

Other Governmental Funds - As compared with the prior year, the total fund balances of the remaining governmental funds increased 140.3%, or $16,211,360, excluding prior period adjustments, with the following significant changes:

- The fund balance of the Debt Service Fund increased 3.1%, or $497,370, not including prior period adjustment.

- The fund balance of the Capital Improvement Funds increased 256%, or $27,269,045, not including prior period adjustment. This is due in large part to the proceeds from the 2020 Cetificates of Obligation issued.

Proprietary Funds
The City's proprietary fund statements provide essentially the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to $6,906,498, a 28% increase over the prior year. This is due to an increase in impact fees and contributions from developers for infrastructure added to the water and wastewater system.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increase in appropriations that become necessary to maintain services.

Capital Assets and Debt Administration

Capital assets - The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, totals $105,454,396 (net of accumulated depreciation). These assets include land, buildings, improvements, infrastructure, machinery & equipment, vehicles and construction in progress. The total increase in capital assets for the current fiscal year was approximately 28.4%.

Major capital asset events during the current fiscal year included the following:

- Contribution of street infrastructure from developers $ 8,216,287
- Contribution of water/sewer infrastructure from developers $ 9,059,865
- Contribution of storm water drainage infrastructure from developers $ 3,470,919
- Completed street improvement projects $ 3,472,998
- Several major infrastructure improvement projects ongoing or completed for streets and water/sewer

Capital Assets
(net of accumulated depreciation)
September 30, 2020

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	$ 2,107,212	$ 1,759,675	$ 286,763	$ 264,013	$ 2,393,975	$ 2,023,688
Infrastructure	48,424,599	38,573,522	43,918,374	31,956,077	92,342,973	70,529,599
Building & improvements	3,318,715	3,449,402	117,996	123,582	3,436,711	3,572,984
Machinery & equipment	1,501,487	1,447,969	555,715	485,115	2,057,202	1,933,084
Construction in progress	4,748,827	3,921,936	474,708	140,225	5,223,535	4,062,161
Total	$ 60,100,840	$ 49,152,504	$ 45,353,556	$ 32,969,012	$ 105,454,396	$ 82,121,516

More detailed information about the City's capital assets is presented in Note F to the financial statements.

Long-term Debt - As of September 30, 2020, the City had $32,777,373 in long-term obligations. This represents an increase of $17,277,014, or 53%, in comparison with the prior year. The 2020 Certificate of Obligation proceeds for Municipal Complex accounts for this increase.

Outstanding Debt
September 30, 2020

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds & Certificates of Obligation	$ 34,799,150	$ 15,222,090	$ 7,433,228	$ 7,780,419	$ 42,232,378	$ 23,002,509
Tax Note	6,020,000	7,790,000	-	-	6,020,000	7,790,000
Capital Leases	1,456,472	1,511,887	345,537	472,977	1,802,009	1,984,864
	$ 42,275,622	$ 24,523,977	$ 7,778,765	$ 8,253,396	$ 50,054,387	$ 32,777,373

More detailed information about the City's long-term obligations is presented in Note H to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City of Princeton, Texas continues to be financially strong. The priority for fiscal year 2021 continues to be maintaining quality service while observing prudent spending practices.

Highlights of the 2021 budget include:

- Balance budget with total revenues equal to or greater than total expenditures;
- Property tax rate reduced $0.025084 cents per $100 assessed value
- Total City Budget of $31,596,738.
- General Fund budget $10,461,968

The FY2020-2021 budget incorporates the effective property tax rate of $0.651215 per $100 valuation. This is a slight decrease in rate from FY2019-2020. The budget will raise more total property taxes by $426,751, or 6.09%. Of this amount, $738,927 is from new property added to the tax roll.

For fiscal year 2020-2021, the water and wastewater (sewer) rates will not increase. However, the revenues are expected to increase slightly due to customers being added to the City's system.

Some of the more significant upcoming capital projects are as follows:

- Continue to rehabilitate City streets and roadways
- Major improvements to several lift stations and replace water/sewer lines
- Continue with park improvements and adding open space dedicated to parks

The City's budget continues to be positively impacted by strong growth and conservative fiscal management. The FY2021 budget reflects the efforts of the governing body and City staff to address the need to provide services and facilities to support our growing community while maintaining a strong financial position.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in the government's finances. Questions concerning the information found in this report or requests for additional financial information should be directed to the Director of Finance, 123 W. Princeton Drive, Princeton Texas 75422.

BASIC FINANCIAL STATEMENTS

CITY OF PRINCETON
THE STATE OF TEXAS

CITY OF PRINCETON, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	EDC	CDC
ASSETS					
Cash and cash equivalents	$ 6,843,848	$ 5,723,327	$ 12,567,175	$ 1,752,799	$ 1,183,197
Receivables, net of allowance for uncollectibles	6,986,794	1,817,020	8,803,814	193,420	188,408
Inventory	19,584	103,429	123,013	-	-
Prepayments and other assets	142,631	5,771	148,402	-	-
Restricted assets:					
Cash and cash equivalents	33,918,916	8,096,816	42,015,732	-	-
Notes receivable - component units	2,495,767	-	2,495,767	1,002,337	-
Deposits held in trust-GTUA	-	1,890,011	1,890,011	-	-
Capital assets not being depreciated					
Land	2,107,212	286,763	2,393,975	887,945	-
Construction in progress	4,748,827	474,708	5,223,535	-	810,488
Capital assets, net of accumulated depreciation:					
Machinery and equipment	1,501,487	555,715	2,057,202	4,085	-
Buildings and improvements	3,318,715	117,996	3,436,711	-	119,794
Infrastructure	48,424,599	43,918,374	92,342,973	478,262	-
Total Assets	110,508,380	62,989,930	173,498,310	4,318,848	2,301,887
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge for refunding	-	322,258	322,258	-	-
Deferred pension outflows	619,143	203,344	822,487	6,417	6,423
Deferred OPEB outflows	16,895	5,460	22,355	172	172
Total deferred outflow of resources	636,038	531,062	1,167,100	6,589	6,595
LIABILITIES					
Accounts payable	1,411,281	893,114	2,304,395	6,434	6,113
Retainage payable	23,101	22,003	45,104	-	60,844
Other accrued liabilities	232,922	1,364,330	1,597,252	3,446	3,413
Accrued interest payable	182,824	39,015	221,839	-	-
Customer deposits	-	1,053,949	1,053,949	-	-
Non-current liabilities:					
Due within one year	2,533,432	426,389	2,959,821	75,000	229,940
Due in more than one year	40,796,747	7,644,222	48,440,969	1,064,406	1,155,366
Total Liabilities	45,180,307	11,443,022	56,623,329	1,149,286	1,455,676
DEFERRED INFLOWS OF RESOURCES					
Deferred pension inflow	166,949	56,584	223,533	1567	1,567
Deferred OPEB inflow	7,345	2,142	9,487	86	86
Total deferred inflow of resources	174,294	58,726	233,020	1,653	1,653
NET POSITION					
Net investment in capital assets	43,236,379	37,897,044	81,133,423	805,339	930,282
Restricted for:					
Debt service	1,394,096	-	1,394,096	-	-
General government	659,226	-	659,226	-	-
Public safety	4,824	-	4,824	-	-
Use of impact fees	3,872,418	6,849,534	10,721,952	-	-
Capital improvements, including PEG fees	31,077,839	-	31,077,839	-	560,047
Storm water use	-	366,168	366,168	-	-
Court use	140,802	-	140,802	-	-
Tax increment financing	2,239,300	-	2,239,300	-	-
Unrestricted	(16,835,067)	6,906,498	(9,928,569)	2,369,159	(639,176)
Total Net Position	$ 65,789,817	$ 52,019,244	$ 117,809,061	$ 3,174,498	$ 851,153

The notes to the financial statements are an integral part of this financial statement.

CITY OF PRINCETON, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	$ 1,236,657	$ 598,040	$ 785,046	$ -
Public Safety	5,341,659	72,345	316,118	-
Library	229,122	3,211	36,008	-
Public services and operations	1,326,917	4,151,327	-	-
Parks and recreation	1,056,310	1,339,530	-	311,480
Public works	3,335,833	3,249,487	-	15,749,940
Interest on long-term debt	782,724	-	-	-
Total governmental activities	13,309,222	9,413,940	1,137,172	16,061,420
Business-type Activities:				
Water and sewer	10,329,908	14,357,412	-	9,059,865
Storm water drainage	526,414	527,314	1,724	3,470,919
Total business-type activities	10,856,322	14,884,726	1,724	12,530,784
Total primary government	24,165,544	24,298,666	1,138,896	28,592,204
Component Unit				
Economic Development Corporation	834,887	-	-	-
Community Development Corporation	739,442	-	-	-
Total component unit	$ 1,574,329	$ -	$ -	$ -

General revenues:
Property taxes
Sales taxes
Franchise taxes
Beverage taxes
Investment income
Sales of assets
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Prior period adjustment
Net position - ending

The notes to the financial statements are an integral part of this financial statement.

Net (Expense) Revenue and Changes in Net Position					
Primary Government				Component Unit	
Governmental Activities	Business Activities	Total		EDC	CDC
$ 146,429	-	$ 146,429		$ -	$ -
(4,953,196)	-	(4,953,196)		-	-
(189,903)	-	(189,903)		-	-
2,824,410	-	2,824,410		-	-
594,700	-	594,700		-	-
15,663,594	-	15,663,594		-	-
(782,724)	-	(782,724)		-	-
13,303,310	-	13,303,310		-	-
-	13,087,369	13,087,369		-	-
-	3,473,543	3,473,543		-	-
-	16,560,912	16,560,912		-	-
13,303,310	16,560,912	29,864,222		-	-
-	-	-		(834,887)	-
-	-	-		-	(739,442)
$ -	$ -	$ -		$ (834,887)	$ (739,442)
$ 7,472,581	$ -	$ 7,472,581		$ -	$ -
1,928,514	-	1,928,514		964,257	964,257
417,291	-	417,291		-	-
2,613	-	2,613		-	-
128,794	103,372	232,166		38,164	15,920
-	-	-		1,252,235	-
68,405	1,312	69,717		-	-
187,106	(187,106)	-		-	-
10,205,304	(82,422)	10,122,882		2,254,656	980,177
23,508,614	16,478,490	39,987,104		1,419,769	240,735
42,278,429	35,540,754	77,819,183		1,754,729	610,418
2,774	-	2,774		-	-
$ 65,789,817	$ 52,019,244	$ 117,809,061		$ 3,174,498	$ 851,153

The notes to the financial statements are an integral part of this financial statement.

CITY OF PRINCETON, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	TIRZ #1 Fund	Debt Service Fund	Capital Projects Funds	Total
ASSETS					
Cash and cash equivalents	$ 3,815,524	$ -	$ -	3,028,324	$ 6,843,848
Receivables, net of allowance for uncollectibles	552,551	87,122	2,924	6,344,198	6,986,795
Notes receivable - component units	-	-	2,495,767	-	2,495,767
Prepayments and deposits	142,631	-	-	-	142,631
Inventory - fuel	19,584	-	-	-	19,584
Cash and cash equivalents - restricted	729,719	2,152,178	1,394,096	29,642,923	33,918,916
Total Assets	5,260,009	2,239,300	3,892,787	39,015,445	50,407,541
LIABILITIES					
Accounts payable	346,311	-	-	1,064,970	1,411,281
Retainage payable	-	-	-	23,101	23,101
Accrued expenditures	116,557	-	-	-	116,557
Accrued liabilities	116,366	-	-	-	116,366
Total Liabilities	579,234	-	-	1,088,071	1,667,305
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	82,916	-	2,924	-	85,840
Unavailable revenues-notes receivable	-	-	2,495,767	-	2,495,767
Unavailable revenue-court	48,270	-	-	-	48,270
Total Deferred Inflows of Resources	131,186	-	2,498,691	-	2,629,877
Fund Balances					
Nonspendable					
Prepaids	142,631	-	-	-	142,631
Inventory	19,584	-	-	-	19,584
Restricted for:					
Court use	140,802	-	-	-	140,802
Public safety	4,824	-	-	2,316,784	2,321,608
Grant - CARES Act	659,226	-	-		659,226
Debt service	-	-	1,394,096	-	1,394,096
PEG	51,210	-	-	-	51,210
Tax increment financing	-	2,239,300	-	-	2,239,300
Capital improvements	-	-	-	32,582,263	32,582,263
Committed to:					
Parks and recreation	4,000	-	-	872,815	876,815
Public safety	21,637	-	-	-	21,637
Public works	23,545	-	-	-	23,545
Development	14,500	-	-	-	14,500
Assigned to:					
Public safety	-	-	-	965,634	965,634
Parks and recreation	-	-	-	1,189,878	1,189,878
Unassigned	3,467,630	-	-	-	3,467,630
Total Fund Balance	4,549,589	2,239,300	1,394,096	37,927,374	46,110,359
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,260,009	$ 2,239,300	$ 3,892,787	$ 39,015,445	$ 50,407,541

The notes to the financial statements are an integral part of this financial statement.

CITY OF PRINCETON, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total fund balances - governmental funds balance sheet	$ 46,110,359
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Governmental capital assets	72,968,520
Less: accumulated depreciation	(12,867,680)
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Included with amounts related to net pension liability are deferred outflows of resources and deferred inflows of resources that are attributable to the multiple-employer pension plan. Balances at year-end are:	
Bonds payable - General Obligation and Certificates of Obligation	(31,857,400)
Premiums and discounts incurred with issuance of debt - deferred and amortized	(2,941,750)
Tax Note payable	(6,020,000)
Capital Leases payable	(1,456,473)
Compensated absence balances	(494,146)
Net pension liabilities	(476,849)
Net OPEB liabilities	(83,561)
Deferred inflow/outflow of resources - pension	452,194
Deferred inflow/outflow of resources - OPEB	9,550
Interest payable on long-term debt does not require current financial resources, therefore, interest payable is not reported as a liability in the govenmental funds balance sheet.	(182,824)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	2,629,877
Net position of governmental activities - statement of net position	$ 65,789,817

The notes to the financial statements are an integral part of this financial statement.

CITY OF PRINCETON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	TIRZ #1 Fund	Debt Service	Capital Project Funds	Total Governmental Funds
REVENUE					
Taxes:					
Property	$ 3,877,930	$ 487,042	$ 3,126,989	$ -	$ 7,491,961
Sales	1,439,760	488,754	-	-	1,928,514
Beverage	2,613	-	-	-	2,613
Franchise	417,291	-	-	-	417,291
Fines and forfeitures	196,658	-	-	-	196,658
Licenses and permits	2,052,232	-	-	-	2,052,232
Charge for services	2,606,262	-	-	763,821	3,370,083
Impact fees	-	-	-	3,249,487	3,249,487
Donations	8,556	-	-	-	8,556
Developer fees	-	-	-	488,366	488,366
Intergovernmental revenue	1,322,449	-	307,756	7,344,313	8,974,518
Rental income	14,400	-	-	-	14,400
Investment income	36,707	-	10,978	81,109	128,794
Miscellaneous	19,076	-	4,612	30,000	53,688
Total revenues	11,993,934	975,796	3,450,335	11,957,096	28,377,161
EXPENDITURES					
Current:					
General government	1,041,877	1,490	2,840	-	1,046,207
Public safety	4,852,909	-	-	-	4,852,909
Library	194,545	-	-	-	194,545
Public works	1,034,379	-	-	33,259	1,067,638
Public services and operations	1,266,617	-	-	-	1,266,617
Parks and recreation	724,981	-	-	857	725,838
Capital outlays:		-			
General government	-	-	-	712,088	712,088
Public safety	448,123	-	-	458,613	906,736
Library	12,632	-	-	-	12,632
Public services	57,515	-	-	-	57,515
Public works	76,575	-	-	3,350,059	3,426,634
Parks and recreation	8,436	-	-	560,014	568,450
Debt service:					
Principal retirement	363,237	-	2,321,600	-	2,684,837
Issuance cost	-	-	137,774	-	137,774
Interest	51,022	-	628,525	-	679,547
Total expenditures	10,132,848	1,490	3,090,739	5,114,890	18,339,967
Excess (deficiency) of revenues over expenditures	1,861,086	974,306	359,596	6,842,206	10,037,194
OTHER FINANCING SOURCES (USES)					
Transfers in/(out)	3,622	(243,355)	(2,635,000)	3,061,839	187,106
Sale of assets	161,286	-	-	-	161,286
Issuance of bonds/tax note	-	-	-	17,365,000	17,365,000
Premium/discount of debt issuance	-	-	2,772,774	-	2,772,774
Issuance of capital lease	268,047	-	-	-	268,047
Total other financing sources (uses)	432,955	(243,355)	137,774	20,426,839	20,754,213
Net change in fund balances	2,294,041	730,951	497,370	27,269,045	30,791,407
Fund balances, beginning	2,215,699	1,508,349	896,726	10,658,329	15,279,103
Prior period adjustments	39,849	-	-	-	39,849
Fund balances, ending	$ 4,549,589	$ 2,239,300	$ 1,394,096	$ 37,927,374	$ 46,110,359

The notes to the financial statements are an integral part of this financial statement.

CITY OF PRINCETON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - statement of revenues, expenditures and changes in fund balances - governmental funds	$ 30,791,407
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount of capital outlay during the current period.	5,993,738
Governmental funds focus on current financial resources. Therefore, donations of assets that will be used in operations rather than sold are never reported in governmental funds.	8,216,288
Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds.	(3,126,950)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts and similar items when debt is issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of debt - 2020 CO	(17,365,000)
Recognition of reoffering premium and discount - 2020 CO	(2,772,774)
Issuance of debt - capital lease	(268,047)
Principal paid - bonds, tax note payable and capital leases payable	2,684,837
Premium and discounts on debt issuance	(9,112)
Certain expenses related to employee compensation and benefits are reported in the statement of activities but do not require the use of financial resources, and, therefore, are not reported as expenditures in governmental funds:	
Change in compensated absence balances	(64,280)
Change in net pension liability	(37,505)
Change in net pension deferred inflows/outflows	
Change in total OPEB liability and deferred inflows/outflows	(10,843)
Change in total OPEB deferred inflows/outflows	
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(112,290)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This is the net change in these revenues for the year.	(410,855)
Change in net position - statement of activities	$ 23,508,614

The notes to the financial statements are an integral part of this financial statement.

CITY OF PRINCETON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET TO ACTUAL-GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Property	$ 3,775,843	$ 3,830,848	$ 3,877,930	$ 47,082
Sales	1,425,000	1,434,250	1,439,760	5,510
Beverage	3,000	3,000	2,613	(387)
Franchise	885,203	885,203	417,291	(467,912)
Fines and forfeitures	281,425	281,425	196,658	(84,767)
Licenses and permits	1,645,614	1,645,614	2,052,232	406,618
Charge for services	1,418,692	1,418,692	2,606,262	1,187,570
Donations	26,900	26,900	8,556	(18,344)
Intergovernmental revenue	400,878	1,129,317	1,322,449	193,132
Rental income	18,000	18,000	14,400	(3,600)
Investment income	55,000	55,000	36,707	(18,293)
Miscellaneous	32,800	178,683	180,362	1,679
Total Revenues	9,968,355	10,906,932	12,155,220	1,248,288
EXPENDITURES				
Current:				
General Government	1,028,104	972,396	1,041,877	(69,481)
Public Safety:				
Police	3,329,438	3,249,896	2,910,453	339,443
Fire	1,878,507	1,980,801	1,942,456	38,345
Library	213,931	206,097	194,545	11,552
Public Works	847,653	914,931	1,034,379	(119,448)
Public Services and Operations	1,139,206	1,263,226	1,266,617	(3,391)
Parks and Recreation	848,711	767,166	724,981	42,185
Capital Outlays				
Police	189,741	203,061	246,693	(43,632)
Fire	43,425	288,529	201,430	87,099
Library	15,000	15,000	12,632	2,368
Public Works	23,177	92,752	76,575	16,177
Public Services and Operations	92,778	94,788	57,515	37,273
Parks and Recreation	2,000	10,436	8,436	2,000
Debt Service				
Principal	378,458	380,587	363,237	17,350
Interest	37,976	48,262	51,022	(2,760)
Total Expenditures	10,068,105	10,487,928	10,132,848	355,080
Excess (deficiency) of revenues over (under) expenditures	(99,750)	419,004	2,022,372	1,603,368
Other Financing Sources (Uses)				
Transfers	-	-	3,622	3,622
Capital lease proceeds	204,196	289,098	268,047	(21,051)
Total Other Financing Sources (uses)	204,196	289,098	271,669	(17,429)
Net Change in Fund Balance	104,446	708,102	2,294,041	1,585,939
Fund Balance, October 1	2,215,699	2,215,699	2,215,699	
Prior Period Adjustments	-	-	39,849	
Fund Balance, September 30	$ 2,320,145	$ 2,923,801	$ 4,549,589	

The notes to the financial statements are an integral part of this financial statement.

CITY OF PRINCETON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Water and Sewer	Storm Water Drainage	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 5,723,327	$ -	$ 5,723,327
Receivables, net of uncollectibles	1,191,853	76,958	1,268,811
Unbilled revenue	548,209	-	548,209
Prepayments and deposits	5,771	-	5,771
Inventory	103,429	-	103,429
Total current assets	7,572,589	76,958	7,649,547
Noncurrent assets:			
Cash and cash equivalents-restricted	7,785,790	311,026	8,096,816
Deposits held in trust	1,890,011	-	1,890,011
Total restricted assets	9,675,801	311,026	9,986,827
Capital Assets:			
Land	286,763	-	286,763
Buildings	235,326	-	235,326
Infrastructure	42,548,808	9,456,892	52,005,700
Machinery & equipment	1,252,568	153,402	1,405,970
Construction in progress	366,075	108,633	474,708
Less: accumulated depreciation	(8,429,251)	(625,660)	(9,054,911)
Total capital assets, net of accumulated depreciation	36,260,289	9,093,267	45,353,556
Total assets	53,508,679	9,481,251	62,989,930
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge for refunding	322,258	-	322,258
Deferred outflows of resources-pension	199,851	3,493	203,344
Deferred outflows of resources-OPEB	(6,103)	11,563	5,460
Total deferred outflow of resources	516,006	15,056	531,062
LIABILITIES			
Current liabilities:			
Accounts payable	882,457	10,657	893,114
Retainage payable	22,003	-	22,003
Other accrued liabilities	1,361,000	3,330	1,364,330
Payable from restricted assets:			
Accrued interest payable	39,015	-	39,015
Customer deposits	1,053,949	-	1,053,949
Compensated absences - current	2,358	-	2,358
Capital lease payable-current	68,158	9,186	77,344
Bonds payable - current	344,912	-	344,912
Total current liabilities	3,773,852	23,173	3,797,025
Noncurrent liabilities:			
Net pension liabilities	149,965	2,076	152,041
Total OPEB liabilities	25,161	3,685	28,846
Compensated absences	104,345	4,251	108,596
Capital lease payable	193,592	74,605	268,197
Bonds payable	7,088,317	-	7,088,317
Total noncurrent liabilities	7,561,380	84,617	7,645,997
Total liabilities	11,335,232	107,790	11,443,022
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources-pension	53,102	3,482	56,584
Deferred inflows of resources-OPEB	1,937	205	2,142
	55,039	3,687	58,726
NET POSITION			
Net invested in capital assets	28,878,382	9,018,662	37,897,044
Restricted for:			
Use of impact fees	6,849,534	-	6,849,534
Storm water	-	366,168	366,168
Unrestricted	6,906,498	-	6,906,498
Total Net Position	$ 42,634,414	$ 9,384,830	$ 52,019,244

The notes to the financial statements are an integral part of this financial statement.

CITY OF PRINCETON, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Water and Sewer	Storm Water Drainage	Total
OPERATING REVENUES:			
Charges for services	$ 11,623,643	$ 527,314	$ 12,150,957
Miscellaneous	24,605	1,724	26,329
Total operating revenues	11,648,248	529,038	12,177,286
OPERATING EXPENSES:			
Personal services	1,442,098	114,228	1,556,326
Water purchases	1,642,140	-	1,642,140
Supplies and materials	446,907	7,653	454,560
Maintenance and repair	1,134,971	6,984	1,141,955
Lift Station	1,379,461	-	1,379,461
Utilities	125,735	-	125,735
Contractual services	2,326,559	56,815	2,383,374
Depreciation	1,520,629	340,013	1,860,642
Total operating expenses	10,018,500	525,693	10,544,193
Operating income (loss)	1,629,748	3,345	1,633,093
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	103,372	-	103,372
Impact fees	2,710,471	-	2,710,471
Interest expense	(309,471)	(2,658)	(312,129)
Total nonoperating revenues (expenses)	2,504,372	(2,658)	2,501,714
Income (loss) before transfers and capital contributions	4,134,120	687	4,134,807
Capital Contributions	9,059,865	3,470,919	12,530,784
Transfers in/(out)	(187,106)	-	(187,106)
Change in net position	13,006,879	3,471,606	16,478,485
Net Position, beginning	29,627,529	5,913,225	35,540,754
Net Position, ending	$ 42,634,408	$ 9,384,831	$ 52,019,239

The notes to the financial statements are an integral part of this financial statement.

CITY OF PRINCETON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Water and Sewer	Storm Water Drainage	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 11,689,777	$ 506,530	$ 12,196,307
Other operating revenues (expenses)	24,605	1,724	26,329
Cash paid to employees	(1,083,297)	(110,111)	(1,193,408)
Cash paid to suppliers	(6,648,140)	(64,623)	(6,712,763)
Net cash provided (used) by operating activities	3,982,945	333,520	4,316,465
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers to/from other funds	(187,106)	-	(187,106)
Net cash provided (used) by non-capital financing activities	(187,106)	-	(187,106)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash from impact fees	2,710,471	-	2,710,471
Acquisition and construction of capital assets	(1,627,770)	(86,633)	(1,714,403)
Principal paid on long-term debt/capital lease	(433,098)	(22,738)	(455,836)
Interest and fiscal charges paid on long-term debt	(650,519)	(2,658)	(653,177)
Net cash (used for) capital & related financing activities	(916)	(112,029)	(112,945)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	103,372	-	103,372
Net cash provided by investing activities	103,372	-	103,372
Net increase (decrease) in cash and cash equivalents	3,898,295	221,491	4,119,786
Cash and cash equivalents at beginning of year	11,500,833	89,535	11,590,368
Cash and cash equivalents at end of year	$ 15,399,128	$ 311,026	$ 15,710,154
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	$ 1,629,748	$ 3,345	$ 1,633,093
Adjustment to reconcile operating income to net cash Provided by operating activities			
Depreciation	1,520,629	340,013	1,860,642
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(147,395)	(20,782)	(168,177)
Inventory	(48,795)	-	(48,795)
Increase (decrease) in liabilities:			
Accounts payable	387,771	6,477	394,248
Retainage payable	22,003	-	22,003
Customer deposits	213,525	-	213,525
Pension/OPEB/Comp absence liabilities	361,243	3,128	364,371
Other liabilities	44,216	1,339	45,555
Total adjustments	2,353,197	330,175	2,683,372
Net cash provided (used) by operating activities	$ 3,982,945	$ 333,520	$ 4,316,465
NON-CASH FINANCING ACTIVITIES:			
Contributions of capital assets from developers	$ 9,059,865	$ 3,470,919	$ 12,530,784

The notes to the financial statements are an integral part of this financial statement.

CITY OF PRINCETON, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2020

ASSETS	
Cash and cash equivalents	$ 12,101,781
Total assets	$ 12,101,781
NET POSITION	
Restricted	$ 12,101,781

The notes to the financial statements are an integral part of this financial statement.

CITY OF PRINCETON, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2020

ADDITIONS		
Contributions	$	6,177,954
Total contributions		6,177,954
DEDUCTIONS		
Other		16,166,743
Total deductions		16,166,743
NET DECREASE IN NET POSITION		(9,988,789)
NET NET POSITION		
Net Position, beginning		22,090,570
Net Position, ending	$	12,101,781

The notes to the financial statements are an integral part of this financial statement.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Princeton, Texas ("City") was incorporated in 1912 and has a Council/Manager form of government with a City Council comprised of Mayor and five council members. Some of the services provided are: public safety (police and fire protection), municipal court, streets, water distribution, sewer treatment, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles ("GAAP") for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants in the publication entitles *State and and Local Governments-Audit and Accounting Guide.* The more significant accounting policies of the City are described below:

1. Financial Statement Presentation

The basic financial statements are prepared in conformity with GAAP which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type, and activities of its discretely presented component units on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and noncurrent liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Management's Discussion and Analysis includes an analytical overview of the City's financial activities. In addition, a budgetary comparison statement is presented that compares the original adopted and final amended General Fund and Debt Service Fund budget with actual results. The City does not have any Special Revenue funds with legally adopted budgets.

2. Reporting Entity

The City is a municipal corporation governed by an elected mayor and five-member council. As required by GAAP, these financial statements present the City (the primary government) and its component units, an entity for which the government is considered to be financially accountable. These discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

* the organization is legally separate (can sue and be sued in their own name);
* the City appoints a voting majority of the organization's board;
* the City is able to impose its will on the organization;
* the organization has the potential to impose a financial benefit/burden on the City; or
* there is fiscal dependency by the organization on the City.

Discretely Presented Component Units - The Economic Development Corporation ("EDC") was incorporated October 1, 2005. The EDC is governed by a seven-member board appointed by and serving at the pleasure of the City Council. The funding for the EDC occurs by the City transferring 1/4 of sales tax revenues collected by the City. The Corporation promotes development of commercial real estate, fosters local prosperity, and offers a competitive advantage for new, relocating, and expanding businesses.

The Community Development Corporation ("CDC") was incorporated July 3, 1997. The CDC is governed by a seven-member board appointed by and serving at the pleasure of the City Council. The funding for the CDC occurs by the City transferring 1/4 sales tax revenues collected by the City. These funds can be used for economic incentives and development and improvement in the quality of life for its citizens.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Reporting Entity (*continued*)

Blended Component Units - The City created Tax Increment Reinvestment Zone #1 (TIRZ) to provide additional financing resources to further enhance development within the zone. The City Council appoints a Board and Board members are removable by the City Council. TIRZ #1 was created December 2015 and will terminate in December 2045, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. The TIRZ is fiscally dependent on the City, as the City approves their budgets and any debt issuances. The TIRZ qualifies for blending because the Board is the same as the City Council. The TIRZ is reported as a blended component unit of the City and does not issue separate financial statements.

The City created Tax Increment Reinvestment Zone #2 (TIRZ) in August 2019 and will terminate in December 2050, or at which time the amount of the City's contribution of the Tax Increment into the Tax Increment Fund since the effective date of the Zone equals to a TIRZ par amount of $298,290 plus interest and TIRZ administrative expenses, as set forth in the Project and Finance plan, or at such time that all projects, tax increment bonds, notes and other obligations of the Zone, and the interest thereon, have been paid in full. The TIRZ is fiscally dependent on the City, as the City approves budget and any debt issuance.The TIRZ qualifies for blending because the Board is the same as the City Council. The TIRZ is reported as a blended component unit of the City and there was no activity as of the end of the current fiscal year.

The fund information for the discretely presented component units can be found in the supplementary information in this report. There are no separate financial statements issued for the discretely presented component units.

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria to be included as a component unit if management's professional judgment determines it to be necessary and misleading if omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

3. Basis of Presentation, Basis of Accounting

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements; the focus is either the City as a whole or major individual funds (within the fund financial statements). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, and c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly excluded among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property and sales taxes, and interest income).

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements. The major governmental funds are the General Fund, Debt Service Fund, and Capital Projects Funds. The major proprietary funds are the Water and Sewer Fund and the Storm Water Drainage Fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and proprietary combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Basis of Presentation, Basis of Accounting *(continued)*

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal year. The focus of the fund financial statements is on the major individual funds of the governmental and proprietary categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary funds. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position and the operating statements present increase (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, in other words, as soon as they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and is due and payable shortly after year end as required by GASB Interpretation No. 6.

Ad valorem, franchise and sales tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measureable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as needed.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer and storm water drainage are charges to customers for sales and services. Operating expenses for these funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds:

The *General Fund* accounts for several primary services (e.g., police, fire, public works, library, parks and recreation) and is the primary operating unit of the City.

The Debt Service *Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Measurement Focus, Basis of Accounting (*continued*)

The *Capital Projects Funds* accounts for the financing and improvements/construction of buildings and infrastructure including streets and sidewalks. Funds are provided primarily through bond sales and interest earnings and planned as part of the City's capital improvement plan.

The focus of proprietary funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The following is a description of the Proprietary Funds of the City:

The *Water and Sewer Fund* accounts for the operations of the City's water and sewer utilities. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges made to utility customers with rates reviewed annually.

The *Storm Water Drainage Fund* accounts for the City's storm water development and maintenance to the residents of the City.

Agency Funds - The City is the trustee, or fiduciary, for certain amounts held on behalf of developers. All of the City's fiduciary activities are reported in separate statements. The activities of these funds are excluded form the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported are used for their intended purpose.

4. Financial Statement Amounts

a. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The City pools cash from all fund types (excluding certain restricted assets that are considered cash and cash equivalents) to increase the amount of funds available for investment. Investments held by the City that have a remaining maturity of greater than one year from purchase are carried at fair value. Interest earnings are allocated to the respective funds based upon each fund's relative balance in the pool. Each fund may liquidate its equity in the pool on demand.

Investments are recorded at amortized cost when original maturity at the time of purchase is less than one year or at market if greater than one year.

b. Receivable and Payable Balances

Trade and property tax receivables are shown net of an allowance for uncollectible.

Legally authorized transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds.

c. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of the other governments, or are imposed by law through constitutional provisions or enabling legislation. Certain proceeds of the proprietary fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, customer deposits received for water and wastewater services are classified as restricted assets.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. Financial Statement Amounts (*continued)*

d. Inventory

Inventory of supplies are maintained at the City. These inventories are valued at cost using the first in/first out (FIFO) inventory method. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased.

e. Prepayments and Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recognized as prepayments and deposits in both the government-wide and fund financial statements. The cost of these items is recorded as expenditures/expenses when consumed/provided rather than when paid.

f. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-like activities columns in the government-wide financial statements and proprietary fund types. The City defines capital assets as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. Contributed capital assets are recorded at acquisition value as of the time received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Management elected not to retroactively report infrastructure assets within the scope of GASB Statement No. 34.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Infrastructure	30-45
Buildings and Improvements	15-45
Machinery and equipment	5-10

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City has the following items that qualify for reporting in this category: (a) deferred charges on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt; (b) pension and OPEB contributions after measurement date that are deferred and recognized in the following fiscal year; (c) the difference in projected and actual earnings on pension assets that is deferred and amortized over a closed five-year period; and (d) the difference between expected and actual pension and OPEB experience that is deferred and amortized.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies in this category: the difference in expected and actual OPEB experience. This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. Financial Statement Amounts (continued)

h. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and overtime not paid (comp time) benefits. A liability for unpaid accumulated compensated absences is recorded in relation to these amounts in the government-wide and proprietary financial statements.

i. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. The City has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

j. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted fund balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - amounts that can only be used for specific purposes determined by a resolution of the City's highest level of decision-making authority (the Council) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance - amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision making (the Council), or by the City Manager. This is also the classification for residual funds in the City's special revenue funds.

Unassigned fund balance - the residual classification for the City's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by the committed, assigned and unassigned resources as they are needed.

A summary of the City's fund balance policy as adopted by the Council follows:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. Financial Statement Amounts
   j. Fund Equity (continued)

The City believes that adequate levels of fund balance are essential in mitigating financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. In order to comply with GASB 54, the City's fund balances now focus on "the extent to which the government is bound to honor constraints on specific purposes for which amounts in the fund can be spent." The goal is to maintain a minimum unassigned fund balance in the General Fund equal to 90 days of total expenditures, with 8.34% or less being cause for concern. At the end of fiscal year 2020, the City is in compliance with this minimum fund balance policy.

k. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied

l. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

m. Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed. Federal grants are from various federal agencies, and are accounted for in both the governmental and proprietary funds.

n. Pensions

In government-wide financial statements, retirement plans (pension) are required to be recognized and disclosed using the accrual basis of accounting regardless of the amount recognized as pension expenditures in the governmental fund statements which use the modified accrual basis of accounting.

In general, the City recognizes a net pension liability that represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Texas Municipal Retirement System ("TMRS"). The net pension liability is measured as of December 31, 2019. Changes in the net pension liability are recorded as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) will be amortized over the weighted average remaining service life of all participants and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability, pension related deferred inflows/outflows of resources, and pension expense, City specific information about its Fiduciary Net Position in TMRS and additions to/deductions from the City's Fiduciary Net Position have been determined on the basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. Financial Statement Amounts
   n. Pensions (continued)

Information regarding the City's Total Pension Liability and Total OPEB Liability is obtained from TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, incompliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows/outflows and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed five-year period of recognition.

o. Property Taxes

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review establishes appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due October 1 immediately following the levy date and are delinquent after the following January 31st. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed valuation. For the fiscal year September 30, 2020, the City had a tax rate of $0.676299 per $100 assessed valuation based upon the maximum rates described above.

p. Comparative Data/Reclassification

Comparative total data for the current year to budget have been presented in the supplementary section of the financial statements in order to provide an understanding of budget to actual. Also, certain prior year balances have been reclassified in order to be consistent with the current year's presentation.

q. Interfund Activity

Interfund activity results from loans, services provided, and reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide Statement of Activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide Statement of Net Position.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. Financial Statement Amounts (*continued)*

r. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management's to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

s. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

t. Program Expenses

Certain indirect costs such as administrative costs are included in the program expense reported for individual functional activities.

B. COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None	n/a

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Violation	Action Taken
None	n/a

3. Budgets and Budgetary Accounting

The City adopts budgets for the General Fund and Debt Service Fund annually for the primary government. All appropriations are legally controlled at the fund level. The City is required to present the adopted and final amended budget revenues and expenditures. The General Fund budget appears in the basic financial statement section and other informational budgets are presented in the supplemental information section.

The following procedures are followed in establishing the budgetary data:

- The Mayor submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance.
- Total estimated expenditures of the General Fund and Debt Service Fund are to be budgeted.

B. COMPLIANCE AND ACCOUNTABILITY

3. Budgets and Budgetary Accounting (*continued*)

- The level of control (the level at which expenditures may not exceed budget) is the fund level. The City Manager and/or Director of Finance are authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total of any fund must be approved by the City Council.

C. DEPOSITS AND INVESTMENTS

Pursuant to provisions of both the Texas Public Funds Investment Act (PFIA) and the Public Funds Investment Policy of the City, all deposits of the City that exceed the federal depository insurance coverage level are collateralized by securities held by a third party custodian and pledged to the City in an amount not less than 102% (on a market value basis) of the City's deposit of public funds and any accrued interest.

Cash Deposits
At September 30, 2020, the carrying amount of the City's demand deposits was $7,789,204 and the bank balance was $8,627,459. The City's cash deposits at September 30, 2020 and during the year ended September 30, 2020, were entirely covered by FDIC plus pledged collateral held by the City's agent bank in the City's name. Monthly collateral value reports are received from the bank as required by the City's investment policy.

Cash and cash equivalents as of September 30, 2020 consist of and are classified in the accompanying financial statements as follows:

Statement of Net Position:

Primary Government	
Cash and Cash Equivalents	$12,567,175
Restricted cash and cash equivalents	42,015,732
Total cash and cash equivalents	$54,582,907
Governmental - Restricted Cash	
Police seizure	$ 4,824
Debt service	1,394,096
CARES Act funding	659,226
Capital improvement	31,860,770
Total cash and cash equivalents	$33,918,916
Business-type- Restricted Cash	
Customer Deposits	$ 1,053,949
Capital projects	7,042,867
Total cash and cash equivalents	$ 8,096,816
Total Restricted Cash	$42,015,732

Investments
The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports an establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies. Portfolio disclosures as of September 30, 2020 are as follows:

- All pledged collateral was held by an independent institution outside the bank's holding company and
- the portfolio contained no repurchase agreements

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making an election to measure all of its investments at amortized cost. The City does not have any limitations or restrictions on withdrawal.

C. DEPOSITS AND INVESTMENTS *(continued)*

Credit Risk
A primary stated objective of the City's adopted investment policy is the safety of principal and avoidance of principal loss. Credit risk within the City's portfolio among the authorized investments approved by the City's adopted investment policy includes only time and demand deposits, repurchase agreements, non-rated SEC register money market mutual funds, and commercial paper. All other investments are rated no lower than AAA or AAA-m, or equivalent, by at least one nationally recognized rating agency. Investments are made primarily in obligations of the U.S. Government, its agencies, or instrumentalities.

State law and the City's adopted investment policy restricts investment in SEC registered mutual funds to money market funds striving to maintain a $1 net value and defined by state law. Neither the state law nor the policy requires a rating.

As of September 30, 2020, the City had the following investments:

Investment Type	Amount	Average Maturity	Minimum Legal Rating	Rating at Year End
TexPool	$ 23,112,699	36	N/A	AAA-m
TexSTAR	26,244,603	38	N/A	AAA-m
	$ 49,357,302			

TexSTAR is administered by First Southwest Asset Management Inc. and JP Morgan Chase. Together, these organizations bring to the TexSTAR program the powerful partnership of two leaders in financial services with a proven track record in local government investment pool management. TexSTAR is a local government investment cooperative created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAAm by Standard & Poor's.

The Texas Local Investment Pool is a local government investment pool which operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This type of investment pool uses amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool. The Texas Local Government Investment Pool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Pool is governed by an Advisory Board composed equally of participants in the pool and other persons who do not have a business relationship with the Pool who are qualified to advise the Pool.

The State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAm by Standard and Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard and Poor's, as well as the office of the Comptroller for public review.

Interest Rate Risk
In order to limit interest and market rate risk from changes in interest rates, the City's adopted investment policy sets a maximum stated maturity limit of three years. The dollar-weighted maturity allowed based on the stated maturity date for the portfolio is 270 days. Investment maturities for the debt service interest and sinking funds and/or other types of reserve funds, whose use is never anticipated, may not exceed three years.

Concentration of Credit Risk
The City recognizes over-concentration of assets by market sector or maturity is a risk to the portfolio. The City's adopted investment policy establishes diversification as a major objective of the investment program and set diversification limits for all authorized investment types which are monitored on at least a monthly basis.

C. DEPOSITS AND INVESTMENTS *(continued)*

Credit Risk (continued)

Diversification limits are set by policy as:

	% of portfolio
US Treasury Obligation	100%
US Government Agency Securities & Instrumentalities of Government-sponsored corporations	80%
Authorized local government investment pools	100%
Full collateralized certificates of deposit	50%
SEC-regulated no-lead money market mutual funds	10%

As of September 30, 2020, holdings in two local government investment pools represented 90% of the total portfolio. This is due to the issuance of the 2020 Certificates of Obligation at fiscal year-end.

Custodial Credit Risk

To control custody and safekeeping risk, state law and the City's adopted investment policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the City and held in the City's name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% and be executed under written agreements. Depository agreements are executed under the terms of US Financial Institutions Resource and Recovery Enforcement Act (FIRREA). The counter-party of each type of transaction is held contractually liable for monitoring and maintaining the required collateral margin on a daily basis.

D. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	TIRZ	Capital Projects	Debt Service	Water/Sewer	Storm Water Drainage	Total
Receivables:							
Taxes	$ 469,061	$ 87,122	$ -	$ 2,924	$ -	$ -	$ 559,107
Fees and Charges	1,142,152	-	-	-	1,933,799	75,234	3,151,185
Other	38,143	-	6,344,198	-	32,598	1,724	6,416,663
Gross Receivables	1,649,356	87,122	6,344,198	2,924	1,966,397	76,958	10,126,955
Less: allowances for uncollectible	(1,096,805)	-	-	-	(226,336)	-	(1,323,141)
Net Receivables	$ 552,551	$ 87,122	$ 6,344,198	$ 2,924	$ 1,740,061	$ 76,958	$ 8,803,814

The Proprietary Fund accounts receivable includes unbilled charges for services of $548,209 rendered as of fiscal year end.

E. NOTE RECEIVABLE

The Community Development Corporation agreed to pay a portion of the City's 2016 Certificates of Obligation by remitting to the City from the receipts of local sales and use taxes received by the Corporation.

The Community Development Corporation agreed to pay a portion of the City's 2019 Tax Note by remitting to the City from the receipts of local sales and use taxes received by the Corporation. The CDC's portion of the 2019 Tax Note is for the construction of the Community Center.

	Beginning Balance	Additions	Decreases	Ending Balance	Due Within One Year
Note receivable-CDC	$ 358,523	$ -	$ (42,333)	$ 316,190	$ 37,940
Note receivable-CDC	1,245,000	-	(190,423)	1,054,577	192,000
	$ 1,603,523	$ -	$ (232,756)	$ 1,370,767	$ 229,940

Requirements as follows:

Year Ending Sept 30	Payment
2021	$ 229,940
2022	228,450
2023	230,210
2024	228,360
2025	224,955
2026-2029	228,852
	$ 1,370,767

The Economic Development Corporation agreed to pay a portion of the City's 2011 General Obligation Refunding Bonds to the City from the receipts of local sales and use taxes received by the Corporation.

	Beginning Balance	Additions	Decreases	Ending Balance	Due Within One Year
Note receivable-EDC	$ 1,200,000	$ -	$ (75,000)	$ 1,125,000	$ 75,000

Requirements as follows:

Year Ending Sept 30	**Payment**
2021	$ 75,000
2022	75,000
2023	75,000
2024	75,000
2025	75,000
2026-2030	375,000
2031-2035	375,000
	$ 1,125,000

F. CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2020 was as follows:

Governmental Activities	Beginning Balances	Additions/ Transfers	Decreases/ Transfers	Ending Balances
Capital assets, not being depreciated				
Land	$ 1,759,675	$ 347,537	$ -	$ 2,107,212
Construction in Progress	3,921,936	4,324,240	(3,497,349)	4,748,827
Total capital assets, not being depreciated	5,681,611	4,671,777	(3,497,349)	6,856,039
Capital assets, being depreciated:				
Buildings & Improvements	4,401,529	-	-	4,401,529
Infrastructure	41,427,970	11,762,665	-	53,190,635
Parks & Improvements	3,365,741	572,981	-	3,938,722
Machinery & Vehicles	4,118,012	699,952	(236,367)	4,581,597
Total capital assets being depreciated	53,313,252	13,035,598	(236,367)	66,112,483
Less accumulated depreciation for:				
Buildings & Improvements	(952,127)	(130,687)	-	(1,082,814)
Infrastructure	(5,590,839)	(2,144,213)	-	(7,735,052)
Parks & Improvements	(629,352)	(260,979)	-	(890,331)
Machinery & Vehicles	(2,670,043)	(591,071)	101,629	(3,159,485)
Total accumulated depreciation	(9,842,361)	(3,126,950)	101,629	(12,867,682)
Total capital assets, being depreciated, net	43,470,891	9,908,648	(134,738)	53,244,801
Governmental activities capital assets, net	$49,152,502	$14,580,425	$ (3,632,087)	$60,100,840

Business-type Activities	Beginning Balances	Additions/ Transfers	Decreases/ Transfers	Ending Balances
Capital assets, not being depreciated				
Land	$ 264,013	$ 22,750	$ -	$ 286,763
Construction in Progress	140,226	800,663	(466,181)	474,708
Total capital assets, not being depreciated	404,239	823,413	(466,181)	761,471
Capital assets, being depreciated:				
Buildings & Improvements	235,326	-	-	235,326
Infrastructure	38,382,802	13,622,900	-	52,005,702
Machinery & Vehicles	1,140,914	265,055	-	1,405,969
Total capital assets being depreciated	39,759,042	13,887,955	-	53,646,997
Less accumulated depreciation for:				
Buildings & Improvements	(111,744)	(5,586)	-	(117,330)
Infrastructure	(6,426,726)	(1,660,602)	-	(8,087,328)
Machinery & Vehicles	(655,799)	(194,455)	-	(850,254)
Total accumulated depreciation	(7,194,269)	(1,860,643)	-	(9,054,912)
Total capital assets, being depreciated, net	32,564,773	12,027,312	-	44,592,085
Business-type activities capital asset, net	$32,969,012	$12,850,725	$ (466,181)	$45,353,556

F. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	$ 50,201
Public Services	52,789
Public Safety	401,089
Public Works, including depreciation of general infrastructure assets	2,263,443
Parks and Cultural	359,428
Total depreciation expense - governmental activities	$ 3,126,950
Business-type activities:	
Water and Sewer	$ 1,520,630
Storm Water Drainage	340,013
Total depreciation expense - business-type activities	$ 1,860,643

The City and management did not take note of any significantly impaired capital assets that are idle at the end of the current fiscal year.

G. CONSTRUCTION COMMITMENTS

The City has active construction projects as of September 30, 2020. The projects include building construction, street infrastructure and improvements, and water/sewer infrastructure improvements. At fiscal year-end, the City's commitments with contractors are as follows:

Project Description	Project Budget Appropriation	Spent to Date	Remaining Commitment
City Hall	$ 995,287	$ 1,117,844	$ (122,557)
Municipal park	162,350	160,041	2,309
GIS software	25,000	9,975	15,025
San Remo round-about	100,000	45,525	54,475
Myrick Lane	7,473,915	1,645,670	5,828,245
Fire Station #3	2,411,440	144,095	2,267,345
Fire Station #2	-	28,816	(28,816)
2nd Street Rehab	140,500	131,100	9,400
Cypress Bend @ Hwy 380	24,425	24,425	-
N Beauchamp Blvd	3,321,294	1,010,702	2,310,592
N 4th & Oak Streets	33,500	24,183	9,317
E Gantt & McClain Streets	97,000	100,163	(3,163)
Tickey Creek Drive	163,800	167,318	(3,518)
JJ Wilson Memorial Park	71,500	93,741	(22,241)
Veteran's Memorial Park	122,000	45,229	76,771
Total Governmental	15,142,011	4,748,827	10,393,184
GIS software	25,000	9,975	15,025
S Elevated Storage tank	85,000	82,765	2,235
6th Str Lift Station improv	49,510	59,771	(10,261)
12" water line @ Hwy 380	80,425	74,000	6,425
Dogwood pump stn improv	55,000	56,306	(1,306)
Fairbanks drainage improv	150,000	74,410	75,590
Myrick Lane sewer line	70,625	83,258	(12,633)
Drainage improv-Park Trails	29,200	34,223	(5,023)
Total Business-type	544,760	474,708	70,052
TOTAL	$ 15,686,771	$ 5,223,535	$10,463,236

H. LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2020, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Governmental Activities					
General obligations bonds & Certificates of Obligation	$ 15,044,000	$17,365,000	$ (551,600)	$ 31,857,400	$ 1,049,200
Plus: for bond premiums	308,104	2,887,499	(18,778)	3,176,825	163,154
Less: for bond discounts	(130,016)	(114,726)	9,667	(235,075)	(15,403)
Tax note	7,790,000	-	(1,770,000)	6,020,000	950,000
Total Bonds Payable	23,012,088	20,137,773	(2,330,711)	40,819,150	2,146,951
Capital lease payable	1,551,663	268,047	(363,237)	1,456,473	363,237
Compensated absences	429,866	332,870	(268,590)	494,146	23,244
Net pension liabilities	601,360		(124,511)	476,849	-
Total OPEB liabilities	61,273	-	22,288	83,561	-
Governmental activity Long-term Debt	$ 25,656,250	$20,738,690	$ (3,064,761)	$ 43,330,179	$ 2,533,432

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Business-type Activities					
General obligations bonds & Certificates of Obligation	$ 7,401,000	$ -	$ (328,400)	$ 7,072,600	$ 345,800
Plus: for bond premiums	(359,948)	-	20,376	(339,572)	21,264
Less: for bond discounts/loss	399,207	-	(21,264)	377,943	(20,377)
Total Bonds Payable	7,440,259	-	(329,288)	7,110,971	346,687
Capital lease payable	467,751	-	(122,210)	345,541	77,344
Compensated absences	100,846	52,625	(42,517)	110,954	2,358
Net pension liabilities	188,361		(37,778)	150,583	-
Total OPEB liabilities	23,803	-	6,501	30,304	-
Business-type activity Long-term Debt	$ 8,221,020	$ 52,625	$ (525,292)	$ 7,748,353	$ 426,389

The City does not have any unused lines of credit.

Compensated absences
Compensated absences represent the estimated liability for employees' accrued vacation leave and comp time for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund or Proprietary Fund, based on the assignment of an employee at date of termination.

H. LONG-TERM OBLIGATIONS (continued)

Changes in Governmental Long-term Debt

Description	Interest Rate Payable	Amounts Issue	Amounts Outstanding September 30, 2019	Issued	Retired	Amounts Outstanding September 30, 2020	Due Within One Year
2009 Series, CO	4.13%	$ 4,315,000	$ 2,410,000	$ -	$ (115,000)	$ 2,295,000	$ 120,000
2011 Series, GO	2.00%	1,439,500	629,000	-	(66,600)	562,400	59,200
2019 Tax Note	2.20%	7,790,000	7,790,000	-	(1,770,000)	6,020,000	950,000
2014 Series, CO	2.50%	1,285,000	1,095,000	-	(55,000)	1,040,000	60,000
2015 Series, CO	2.50%	3,245,000	2,825,000	-	(135,000)	2,690,000	140,000
2016 Series, CO	2.00%	8,465,000	8,085,000	-	(180,000)	7,905,000	385,000
2020 Series, CO		17,365,000	-	17,365,000	-	17,365,000	285,000
Total Bonds/Notes Payable		43,904,500	22,834,000	17,365,000	(2,321,600)	37,877,400	1,999,200
Capital lease - BB&T		1,489,406	1,328,575	-	(209,110)	1,119,465	213,710
Capital lease - Dodge Durango		34,550	29,160	-	(11,158)	18,002	11,826
Capital lease - 2020 Chev Travers		34,518	-	34,518	(6,374)	28,144	9,451
Capital lease - Ford		29,809	6,393	-	(6,393)	-	-
Capital lease - 2 Ford F150 2020		47,540	-	47,540	(6,800)	40,740	10,653
Capital lease - 3 2020 Tahoes		140,120	-	140,120	(27,128)	112,992	42,397
Capital lease - 2020 Tahoe		45,869	-	45,869	(5,419)	40,450	13,463
Capital lease - 2-2018 Police		128,033	97,766	-	(42,104)	55,662	44,250
Capital lease - 2019 F150		25,465	24,785	-	(5,947)	18,838	5,845
Capital lease - 2018 F150		28,842	18,871	-	(9,120)	9,751	9,751
Capital lease - F150 & Explorer		51,167	13,226	-	(13,226)	-	-
Capital lease - F150		32,650	8,508	-	(8,508)	-	-
Capital lease - F350 & Gator		59,647	24,379	-	(11,950)	12,429	12,428
Totals		$ 46,052,116	$ 24,385,663	$17,633,047	$ (2,684,837)	$ 39,333,873	$ 2,372,974

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2021	$ 1,999,200	$ 1,462,595	$ 3,461,795
2022	2,320,500	1,265,331	3,585,831
2023	2,399,200	1,198,026	3,597,226
2024	2,470,500	1,115,017	3,585,517
2025	2,544,200	1,029,291	3,573,491
2026-2030	9,608,800	4,092,923	13,701,723
2031-2035	10,080,000	2,275,652	12,355,652
2036-2040	6,455,000	618,410	7,073,410
Totals	$ 37,877,400	$13,057,245	$50,934,645

$1,439,500 of Series 2011 General Obligation Refunding Bonds issued May 23, 2011 for the purpose of refinancing the Series 2008 General Obligation Bonds and the Series 2010 Tax and Revenue Certificates of Obligation. These bonds are secured by the levy and collection of ad valorem taxes. The City has purchased a bond insurance policy in the event of default of payment of principal and interest or any acceleration of the due date of such principal by reason of mandatory or optional redemption.

$4,315,000 of Series 2009 Combination Tax and Surplus Revenue Certificates of Obligation were issued August 25, 2009 for the purpose of construction and improvements of streets. These bonds are secured by the levy and collection of ad valorem taxes. The City has purchased a bond insurance policy in the event of default of payment for principal and interest or any acceleration of the due date of such principal by reason of mandatory or optional redemption.

$1,285,000 of Series 2014 Combination Tax and Surplus Revenue Certificates of Obligation were issued October 23, 2014 to finance water and sewer system improvements and street improvements. These bonds are secured by the levy and collection of ad valorem taxes. The City has purchased a bond insurance policy in the event of default of payment of principal and interest or any acceleration of the due date of such principal by reason of mandatory or optional redemption.

H. LONG-TERM OBLIGATIONS

Changes in Governmental Long-term Debt (continued)

$3,245,000 of Series 2015 Combination Tax and Surplus Revenue Certificates of Obligation were issued October 23, 2015 to pay the City's contractual obligations to be incurred in connection with the design, construction, engineering, and equipping of improvements to infrastructure and buildings. These bonds are secured by the levy and collection of ad valorem taxes. The City has purchased a bond insurance policy in the event of default of payment of principal and interest or any acceleration of the due date of such principal by reason of mandatory or optional redemption.

$8,465,000 of Series 2016 Combination Tax and Surplus Revenue Certificates of Obligation were issued October 24, 2016 for the design, construction, engineering, and equipping of (1) constructing and improving new and existing streets and roads, sidewalks and related signage and lighting; expansion of Public Works facility; design costs for new City Hall; park improvements including trail improvements; and (2) paying costs and fees associated with projects and issuance of bonds. These bonds are secured by the levy and collection of ad valorem taxes. The City has purchased a bond insurance policy in the event of default of payment for principal and interest or any acceleration of due date of such principal by reason of mandatory or optional redemption.

$17,365,000 of 2020 Certificates of Obligation was issued May 11, 2020 to acquire, construct, design and engineering a new City Hall including related landscaping, fountains, lighting, parking and signage and other professional services in connection with these projects. These bonds are secured by the levy and collection of ad valorem taxes by the City.

Changes in Business-type Long-term Debt

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding September 30, 2019	Issued	Retired	Amounts Outstanding September 30, 2020	Due Within One Year
2007 Series, GO	4.00%	$ 1,275,000	$ 685,000	$ -	$ (65,000)	$ 620,000	70,000
2007 Series, CO	4.00%	8,250,000	560,000	-	(210,000)	350,000	220,000
2011 Series, GO	2.00%	490,500	221,000	-	(23,400)	197,600	20,800
2015 Series, GO	3.00%	6,100,000	5,935,000	-	(30,000)	5,905,000	35,000
Total Bonds Payable		16,115,500	7,401,000	-	(328,400)	7,072,600	345,800
Capital lease - BB&T		505,813	399,879	-	(63,528)	336,351	68,158
Capital lease - Caterpillar		103,842	21,274	-	(21,274)	-	-
Capital lease - Ford		29,809	6,393	-	(6,393)	-	-
Capital lease - F350		41,988	8,907	-	(8,907)	-	-
Capital lease - Camera		51,457	13,275	-	(13,275)	-	-
Capital lease - F350		44,087	18,019	-	(8,833)	9,186	9,186
Totals		$ 16,892,496	$ 7,868,747	$ -	$ (450,610)	$ 7,418,137	$ 423,144

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2021	$ 345,800	$ 256,634	$ 602,434
2022	354,500	241,832	596,332
2023	365,800	228,739	594,539
2024	374,500	216,526	591,026
2025	390,800	203,877	594,677
2026-2030	1,961,200	801,464	2,762,664
2031-2035	1,930,000	456,188	2,386,188
2036-2038	1,350,000	82,600	1,432,600
Totals	$ 7,072,600	$ 2,487,860	$ 9,560,460

H. LONG-TERM OBLIGATIONS

Changes in Business-type Long-term Debt (continued)

$1,275,000 Series 2007 General Obligation Refunding Bonds were issued December 11, 2007 for the purpose of refinancing the $1,275,000 Series 2003. The bonds are secured by the pledge of surplus net revenue of the City's waterworks and sewer system remaining after payment of all operation and maintenance expenses thereof. The City purchased a bond insurance policy in the event of payment for principal and interest or any acceleration of due date of such principal by reason of mandatory or optional redemption.

$8,250,000 Series 2007, Combination Tax and Surplus Revenue Certificates of Obligation were issued December 11, 2007 for the purpose of acquiring, constructing, and installing additions and improvements to the waterworks and sanitary sewer system. The bonds are secured by the pledge of surplus net revenue of the City's waterworks and sewer system remaining after payment of all operation and maintenance expenses thereof. The City purchased a bond insurance policy in the event of payment for principal and interest or any acceleration of due date of such principal by reason of mandatory or option redemption.

$490,500 Series 2011, General Obligation Refunding Bonds were issued May 23, 2011 for the purpose of refinancing the Series 2008 General Obligation Refunding Bonds. The bonds are secured by the pledge of surplus net revenue of the City's waterworks and sewer system. The City purchased a bond insurance policy in the event of payment for principal and interest or any acceleration of due date of such principal by reason of mandatory or option redemption.

$6,100,000 Series 2015, General Obligation Refunding Bonds were issued October 28, 2015. These proceeds were used to advance refund $5,930,000 of outstanding Series 2007 General Obligation Refunding Bonds which had an interest rate of 4.00%. The net proceeds of $6,227,204 (including a $378,255 premium and after payment of $134,925 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, $5,930,000 of Series 2007 debt is considered defeased and that amount of the liability for those bonds has been removed from the statement of net position. The Series 2007 bonds still have $950,000 of non-refunded debt recorded on the statement of net position at September 30, 2020. The reacquisition price exceeded the net carrying amount of the old debt by $127,204. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The City advance refunded Series 2007 General Obligation Refunding Bonds to reduce its total debt service payments over 22 years by $1,270,735 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $893,533. These bonds are secured by the pledge of net revenue from the City's waterworks and sewer system. The City purchased a bond insurance policy in the event of payment for principal and interest or any acceleration of due date of such principal by reason of mandatory or option redemption.

The City intends to retire all its general long-term liabilities, plus accrued interest, from ad valorem taxes and other current revenues. The proprietary fund type long-term debt, plus accrued interest, will be repaid from operating revenues of the Water and Sewer Fund.

I. COMMITMENTS AND CONTINGENCIES

CONTRACTUAL OBLIGATIONS WITH GREATER TEXOMA UTILITY AUTHORITY

Under the terms of long-term water supply and sewer service contracts between the City and Greater Texoma Utility Authority (GTUA), the City recognizes that GTUA has an undivided ownership interest in the City's water system and sewer collection and treatment facility equivalent to the percentage of the total cost of the facility provided by GTUA through the issuance of GTUA certificates of obligation.

The City has contractual obligation to make payments specified by the contract to GTUA to pay the principal and interest on the bonds, maintain a Reserve Fund for the security and payment of bonds similarly secured, pay the administrative and overhead expenses of GTUA directly attributable to the certificates of obligation, and pay any extraordinary expenses incurred by GTUA in connection with the debt. Under terms of the contracts, the City's obligation to make payments to GTUA, as well as GTUA's ownership interest in the facilities, terminates when all of GTUA's bonds issued in connection with construction of the facilities have been paid in full, are retired, and are no longer outstanding.

The City's obligation to GTUA for the current fiscal year was $849,169. This is recorded as maintenance and operating expense in the Water and Sewer Fund.

I. COMMITMENTS AND CONTINGENCIES (continued)

Minimum contractual commitments to be paid to GTUA by the City are as follows:

Year Ending September 30:	Requirement
2021	$ 853,007
2022	851,138
2023	848,626
2024	850,444
2025	851,433
2026-2030	4,298,863
2031-2035	4,523,010
2036-2040	4,519,800
2041-2045	4,520,036
2046-2048	2,712,949
TOTAL	$ 24,829,306

J. CAPITAL LEASES

The City has acquired certain capital assets for governmental and business-type activities through the use of lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The terms of the leases range from 3 - 7 years and call for monthly, quarterly, and annual payments over the life of the leases. The future minimum lease payments under the capitalized leases and the net present value of the future minimum lease payments at September 30, 2020, are as follows:

	Governmental Activities	Business-type Activities	Total
Assets			
Machinery and Equipment	$ 2,147,616	$ 776,996	$ 2,924,612
Less: accumulated amortization	(691,143)	(431,459)	(1,122,602)
Total	$ 1,456,473	$ 345,537	$ 1,802,010

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2020 were as follows:

	Governmental Activities	Business-type Activities
Year Ending September 30:		
2021	$ 402,522	$ 73,245
2022	362,933	72,383
2023	269,962	72,383
2024	238,275	72,383
2025	220,103	72,383
2026-2030	-	-
Total minimum payments	1,493,795	362,777
Less: interest	(47,858)	(17,240)
Present value of minimum lease payments	$ 1,445,937	$ 345,537

K. OPERATING LEASES

The City leases the building that houses City Hall, utility billing, and management offices and a building for Parks and Recreation, Development/Code and Community Relation offices. The total cost for these leases for the current fiscal year was $172,704. The other operating leases that the City is under obligation for relate to office equipment, web services, and internet services. The future minimum lease payments for these leases are as follows:

FYE Sept 30	Building	Office Eqpt & Services
2021	$ 172,104	$ 8,608
2022	57,368	8,608
2023	-	7,883
2024	-	1,793
	$ 229,472	$ 26,892

L. PENSION PLAN

1. Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS, an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code ("TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at www.tmrs.org.

All eligible employees of the City are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the City Council, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their treatment benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his or her salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

When these liabilities are liquidated for governmental activities, the General Fund will be primarily responsible.

L. PENSION PLAN

2. Benefits Provided (continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year	
	2020	2019
Employee deposit rate	7.00%	7.00%
Matching Ratio (City to Employee):	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating
Supplemental Death Benefit to Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

The City also participates in Social Security.

Amortization Bases and Payments

Year Established	Description	Years Remaining	Base	Payment
2013	2013 Valuation (Fresh Start)	24	$ 430,226	$ 27,750
2014	2014 Experience	24	(106,144)	(6,846)
2015	2015 Experience	24	(86,648)	(5,589)
2015	2015 Actuarial Changes	26	9,142	562
2016	2016 Experience	22	109,809	7,478
2017	2017 Experience	23	50,661	3,355
2018	2018 Experience	24	89,268	5,758
2019	2019 Experience	25	309,474	19,475
2019	2019 Actuarial Changes	25	37,494	2,359
			$ 843,282	$ 54,302

Employees covered by benefit terms:
At December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	Plan Year	
Number of:	2019	2018
Inactive employees or beneficiaries currently receiving benefits	18	18
Inactive employees entitled to but not yet receiving benefits	33	26
Active employees	98	83
Total	149	127

3. Contributions

The contribution rates for the employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City's matching percentages are either 100%, 150%, or 200%, both as adopted by the City Council. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal ("EAN") actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

L. PENSION PLAN

3. Contributions (*continued*)

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.75% and 11.41% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were $629,379 and were slightly more than required contributions.

4. Net Pension Liability

The City's Net Pension Liability ("NPL") was measured as of December 31, 2019, and the Total Pension Liability ("TPL") used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions:
The TPL in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	2.75% per year
Investment rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative assets allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (aggressive) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
	100.0%	

L. PENSION PLAN

4. Net Pension Liability *(continued)*

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% rate and employer contributions will be made at the rates specified by statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2018	$ 7,003,650	$ 6,201,903	$ 801,747
Service cost	877,804	-	877,804
Interest (on the total pension liability)	493,867	-	493,867
Difference between expected and actual experience	293,353	-	293,353
Changes of assumptions	37,494	-	37,494
Benefit payments, including refunds of employee contributions	(252,000)	(252,000)	-
Contributions - employer	-	552,995	(552,995)
Contributions - employee	-	360,177	(360,177)
Net investment income	-	958,656	(958,656)
Administrative expense	-	(5,418)	5,418
Other	-	(164)	164
Net changes	1,450,518	1,614,246	(163,728)
Balance at December 31, 2019	$ 8,454,168	$ 7,816,149	$ 638,019

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City calculated using the discount rate of 6.75%, as well as what the City net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) and 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 2,164,286	$ 638,016	$ (576,934)

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

5. Pension Expense and deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of $629,379.

At September 30, 2020, the City reported deferred outflow of resources and deferred inflow of resources related to pension from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual economic experience	$ 318,681	$ -
Changes in actuarial assumptions	30,916	-
Difference between projected and actual investment earnings	-	(226,668)
Contributions subsequent to the measurement date	485,730	-
Changes in the Net Pension Liability	$ 835,327	$ (226,668)

L. PENSION PLAN

5. Pension Expense and deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

$485,730 reported as deferred outflow of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the current fiscal year. Other amounts reported as deferred outflow and inflow of resources related to pension will be recognized in pension expense as follows:

Net deferred outflows (inflows) of resources:	
December 31	
2020	$ 26,815
2021	17,134
2022	78,589
2023	(40,241)
2024	40,632
Thereafter	-
Total	$ 122,929

M. OTHER POSTEMPLOYMENT BENEFITS

1. Plan Description

The City participates in a defined benefit group-term life insurance plan that is administered by TMRS known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire career.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

When these liabilities are liquidated for governmental activities, the General Fund will be primarily responsible.

2. Benefits Provided

Employees covered by benefit terms:
At December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Membership *	Plan Year	
Number of:	2019	2018
Inactive employees currently receiving benefits	12	12
Inactive employees entitled to but not yet receiving benefits	2	4
Active employees	98	83
Total	112	99

* Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SDBF benefit (i.e. excludes beneficiaries, non-vested terminations due a refund, etc.).

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

M. OTHER POSTEMPLOYMENT BENEFITS (continued)

Changes in the Total OPEB Liability

Total OPEB Liability - beginning of year	$ 84,617
Changes for the year	
Service cost	11,320
Interest on total OPEB liability	3,340
Changes in benefit terms	-
Differences between expected and actual experience	(5,458)
Changes in assumptions or other inputs	20,621
Benefit payments **	(515)
Net changes	29,308
Total OPEB Liability - end of year	$ 113,925

** Due to the SDBF being considered an unfunded OPEB plan under GASB75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
Total OPEB Liability	$ 139,206	$ 113,925	$ 94,527

OPEB Expense:	
Service cost	11,320
Interest on total OPEB liability	3,340
Changes in benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experience[1]	(1,639)
Changes in assumptions or other inputs[2]	2,911
Total OPEB Liability - end of year	$ 15,932

Schedule of Outflows and Inflows - Current and future expense

	Deferred (Inflow) of Resources	Deferred Outflow of Resources
Differences between expected and actual experience	$ (9,659)	$ -
Changes in assumptions and other inputs	-	17,336
Contributions subsequent to the measurement date	-	5,362
Total (excluding contributions made subsequent to measurement date)	$ (9,659)	$ 22,698

$5,362 reported as deferred outflow of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the current fiscal year. Other amounts reported as deferred outflow and inflow of resources related to pension will be recognized in pension expense as follows:

M. OTHER POSTEMPLOYMENT BENEFITS (continued)

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future OPEB expense (excluding city-provided contributions made subsequent to the measurement date):

Net deferred outflows (inflows) of resources:

December 31	
2020	$ 1,272
2021	$ 1,272
2022	$ 1,272
2023	$ 1,272
2024	$ 839
Thereafter	1,750
Total	$ 7,677

Schedule of Contributions - (Retiree-only portion of the rate, for OPEB):

Plan Year	Total SDBF Contribution	Retiree Portion of SDB Contribution
2017	$ 4,846	$ 692
2018	$ 5,140	$ 857
2019	$ 5,041	$ 917
2020	$ 5,389	$ 980

N. VOLUNTEER FIREFIGHTERS RETIREMENT

The City participates in the Texas Emergency Services Retirement System (TESRS). This is a pension system for volunteer firefighters and first responders. Members are half-vested at 10 years of qualified service, and are eligible to receive a lifetime annuity at the age of 55. Members are fully-vested at 15 years of qualified service, and are eligible to receive a lifetime annuity at the age of 55. The City currently has 18 volunteer firefighters participating. During the fiscal year, $6,624 was paid to TESRS.

O. HEALTH CARE COVERAGE

During the year ended September 30, 2020, employees of the City were covered by a health, dental, and vision insurance plans. The City contributed $688 per month per employee for employee coverage and $0 for dependent's health insurance. The City contributed $3.42 per month per employee (100% of the cost per employee) for dental insurance and $6 per month per employee for vision. Employees, at their option, authorized payroll withholdings for dependent coverage. Health and dental insurance is provided by TML MultiState Intergovernmental Employee Benefit Pool and vision insurance is with Avesis.

P. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years. The City has renewed all coverage and policies for fiscal year 2020-2021.

Q. LITIGATION

The City is subject to certain legal proceedings in the normal course of operations. In the opinion of management, the aggregate liability, if any, with respect to potential legal actions will not materially adversely affect the City's financial position, results of operations, or cash flows.

R. ADDITIONAL WATER AND SEWER INFORMATION

The City secures its water supply from the North Texas Municipal Water District ("NTMWD"), a district authorized by the Texas Constitution, Article XVI, Section 59; created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation and eminent domain powers and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the City. The District is governed by a 17-member board ("Board"), the City being authorized by statute to appoint two of those members. The board has full power and discretion to establish its budget and to set the rates for the services it provides by contracts with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee, or rental due to the District. Because of the factors mentioned above, the District is not included in the City's basic financial statements.

The City entered into a contract with the District whereby the District agreed to provide water for the benefit of the City. In return, the City agreed to pay the District at a rate of $2.99 per 1,000 gallon basis, subject to minimum annual payments. The City's cost for the current fiscal year was $1,642,140.

The following information is included at the request of the Texas Water Development Board for the year under audit.
Water Accountability Report:

Gallons Pumped	618,894,000
Gallons Billed	471,144,510

S. TRANSFERS

Transfers between funds were due to debt service support and allocation of development contribution are as follows:

Major Funds	Transfers Out	Transfers In	Reason
General Fund	$ -	$ 3,622	capital improvement costs
General Debt Service Fund	2,635,000		issuance cost & premium for issuance for 2020CO
TIRZ	243,355		capital improvement costs
Capital Projects Funds	-	3,061,839	capital improvement costs
Utility Fund		$ (187,106)	capital improvement costs & debt payment

T. PUBLIC IMPROVEMENT DISTRICTS

The bonds issued by the following Public Improvement Districts (PID) are secured solely from assessment revenues generated by each PID and the City is not obligated in any manner for this special assessment debt, but merely acts as the developer's agent in handling the debt service by each PID and forwarding to the Trustee for payment to the bond holders.

In April 2018, the City approved the creation of the Arcadia Farms Public Improvement District for the benefit of property in the PID. The City Council approved the issuance and sale of special assessment revenue bonds, Series 2018, in the amount of $3,190,000 to fund Phases 1 and 2 were issued in May, 2018. The Series 2019 bonds were issued in the amount of $3,090,000 for Phases 8 and 9, and in July, 2020 the Series 2020 bonds were issued for Phases 3 and 4 in the amount of $2,837,000. The developer's total obligation at the end of the fiscal year is $8,671,000.

In September 2018, the City approved the creation of the Princeton Crossroads Public Improvement District for the benefit of property in the PID. The City Council approved the issuance and sale of special assessment revenue bonds, Series 2018, in the amount of $9,485,000 to fund certain roadway, water distribution system, storm drainage, sanitary sewer, and other PID bond issuance costs. The developer's obligation at the end of the fiscal year is $9,305,000.

T. PUBLIC IMPROVEMENT DISTRICTS *(continued)*

In January 2019, the City approved the creation of the Winchester Public Improvement District #1 for the benefit of property in the PID. The City Council approved the issuance and sale of special assessment revenue bonds up to a maximum aggregate principle amount of $4,905,000 were issued in July 2020. The developers obligation at the end of the fiscal year is $4,905,000.

In June 2019, the City approved the creation of the Whitewing 854 Public Improvement District for the benefit of property in the PID. The City Council approved the issuance and sale of special assessment revenue bonds, Series 2019, in the amount of $7,850,000 to fund certain roadway, water distribution system, storm drainage, sanitary sewer, and other PID bond for Phase I. The City Council approved the issuance and sale of special assessment revenue bonds, Series 2019 Phases 2-6, in the amount of $8,210,000. At the end of the fiscal year, the developer's obligation is $16,060,000.

In September 2017, the City approved the creation of the Brookside Public Improvement District for the benefit of property in the PID. The City Council approved the issuance and sale of special assessment revenue bonds, Series 2019, in the amount of $3,685,000 to fund certain roadway, water distribution system, storm drainage, sanitary sewer, and other PID bond issuance in April 2019. The developer's obligation at the end of the fiscal year is $3,685,000.

U. PRIOR PERIOD ADJUSTMENT

There are two entries to adjust prior year's fund balance in the government-wide statement of activities. These are explained as follows:

Correct prior year's fund balance	$ 2,774	General Fund
Correct prior year's allocation of capital lease proceeds	$ 39,849	General Fund

V. SUBSEQUENT EVENTS

In October 2020, the City Council approved the creation of the Winchester Public Improvement District #2 or the benefit of property in the PID. No bonds have been issued through April 12, 2021.

Management has evaluated all events and transactions that occurred after September 30, 2020 up through April 12, 2021, the date of the financial statements were available to be issued. Other than the PID creation noted above, management is not aware of any additional events requiring financial statement disclosure other than those mentioned within the report.

W. PRINCETON ECONOMIC DEVELOPMENT CORPORATION

In accordance with GASB Statement No. 14, the Financial Reporting Entity, as amended by GASB Statement No. 39, the Princeton Economic Development Corporation ("EDC") is a discretely presented component on the combined financial statements. The EDC was incorporated October 1, 2005 and is governed by a seven-member board appointed by and serving at the pleasure of the City Council. The funding for EDC occurs by the City transferring 1/4 sales tax revenues collected by the City. The purpose for which the EDC is organized and may issue or incur bonds or other obligations on behalf of the City for the promotion and development of commercial, industrial and manufacturing enterprises, promotion, development and expansion of business enterprises, and to promote and encourage employment and public welfare.

COMPLIANCE AND ACCOUNTABILITY

a. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None	n/a

W. PRINCETON ECONOMIC DEVELOPMENT CORPORATION *(continued)*

COMPLIANCE AND ACCOUNTABILITY

b. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Violation	Action Taken
None	n/a

1. Deposits and Investments

Cash and investments as of September 30, 2020 consist of and are classified in the accompanying financial statements as follows:

Statement of Net Position:

Primary Government	
Total Cash and Cash Equivalents	$ 1,752,799
Savings and checking accounts	$ 63,245
Investment Pools	1,689,554
Total cash and cash equivalents	$ 1,752,799

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Public Funds Investment Act and the City's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits. The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a deposit regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC at all times.

As of September 30, 2020, EDC had the following investment:

Investment Type	Amount	Average Maturity	Minimum Legal Rating	Rating as of Year End
TexPool	$ 1,689,554	36	N/A	AAA-m

2. Receivables

Receivables at the end of the fiscal year were $193,420 representing sales tax owed from the State. Receivables are collected after year-end; therefore, no allowance for uncollectible has been recorded.

W. PRINCETON ECONOMIC DEVELOPMENT CORPORATION

3. Note Receivable

The Economic Development Corporation entered into an agreement with PTX Storage, LLC for the purchase of land in the business park in December, 2019. The total of the land sale was $1,431,909 with 30% being paid at time of sale. The remainder amount of $1,002,337 is to be due in December, 2021. Interest payments are to be made monthly beginning in January 2020; however, due to the COVID-19 pandemic, a 3-month deferment was approved and full payment of the principal amount has been deferred until December, 2021.

	Beginning Balance	Additions	Decreases	Ending Balance	Due Within One Year
Note receivable-EDC	$ 1,002,337	$ -	$ -	$ 1,002,337	$ -

4. Capital Assets

Governmental Activities	Beginning Balances	Additions	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	$ 982,845	$ -	$ (94,900)	$ 887,945
Total capital assets, not being depreciated:	982,845	-	(94,900)	887,945
Capital assets, being depreciated:				
Infrastructure	503,434	-	-	503,434
Machinery & Equipment	16,278	-	-	16,278
Total capital assets being depreciated:	519,712	-	-	519,712
Less accumulated depreciation for:				
Infrastructure	(12,586)	(12,586)	-	(25,172)
Machinery & Equipment	(9,859)	(2,334)	-	(12,193)
Total accumulated depreciation	(22,445)	(14,920)	-	(37,365)
Total capital assets, being depreciated, net	497,267	(14,920)	-	482,347
Governmental activities capital assets, net	$ 1,480,112	$ (14,920)	(94,900)	$ 1,370,292

5. Long-Term Obligations

A summary of long-term obligations for the year ended September 30, 2020 is as follows:

Description	Interest Rate Payable	Amounts Issue	Amounts Outstanding September 30, 2019	Issued	Retired	Amounts Outstanding September 30, 2020	Due Within One Year
Note Payable-City	0.0%	$ 1,152,000	$ 1,200,000	$ -	$ (75,000)	$ 1,125,000	$ 75,000
Total Notes Payable		1,152,000	1,200,000	-	(75,000)	1,125,000	75,000
Net Pension Liability		-	5,946	-	(1,190)	4,756	-
OPEB Liability		-	500	-	-	500	-
Compensated Absence		-	6,709	4,903	(2,462)	9,150	-
		$ 1,152,000	$ 1,213,155	$ 4,903	$ (78,652)	$ 1,139,406	$ 75,000

Debt service requirements are as follows:

Year Ending September 30:	Total Requirements
2021	$ 75,000
2022	75,000
2023	75,000
2024	75,000
2025	75,000
2026-2030	375,000
2031-2035	375,000
Totals	$ 1,125,000

W. PRINCETON ECONOMIC DEVELOPMENT CORPORATION

5. Long-Term Obligations (*continued*)

The EDC agreed to pay a portion of the 2016 Certificate of Obligations for the streets and roads, drainage, and streetscape improvements for the Industrial Park.

The EDC follows the City's policy to permit employees to accumulate earned but unused vacation and overtime not paid (comp time).

6. Health Care Coverage

During the year ended September 30, 2020, employees of the EDC were covered by a health, dental, and vision insurance plans. The City contributed $688 per month per employee for employee coverage and $0 for dependent's health insurance. The City contributed $38 per employee (100% of the cost per employee) for dental insurance and $6 per employee for vision. Employees, at their option, authorized payroll withholdings for dependent coverage. Health and dental insurance is provided by TML MultiState Intergovernmental Employee Benefit Pool and vision insurance is with Avesis.

7. Pension Plan

$3,406 reported as deferred outflow of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the current fiscal year. Other amounts reported as deferred outflow and inflow of resources related to pension will be recognized in pension expense.

For the year ended September 30, 2020, the EDC recognized pension expense of $5,996.

8. Litigation

Management is not aware of any pending or threatened litigation involving the EDC.

9. Subsequent Events

The EDC has evaluated all events and transactions that occurred after September 30, 2020 up through April 12, 2021, the date the financial statements were available to be issued. During this period, management was unaware of any subsequent events requiring disclosure other than those mentioned within the report.

X. PRINCETON COMMUNITY DEVELOPMENT CORPORATION

In accordance with GASB Statement No. 14, the Financial Reporting Entity, as amended by GASB Statement No. 39, the Princeton Community Development Corporation ("CDC") is a discretely presented component on the combined financial statements. The CDC was incorporated July 3, 1997 and is governed by a seven-member board appointed by and serving at the pleasure of the City Council. The funding for CDC occurs by the City transferring 1/4 sales tax revenues collected by the City. The purpose of the CDC is for the purpose of promoting projects to enhance the community. The 4B tax proceeds may be spent on land, buildings, equipment, facilities, expenditures for targeted infrastructure, and improvements throughout the City.

COMPLIANCE AND ACCOUNTABILITY

a. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None	n/a

X. PRINCETON COMMUNITY DEVELOPMENT CORPORATION

COMPLIANCE AND ACCOUNTABILITY (*continued*)

b. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Violation	Action Taken
None	n/a

1. Deposits and Investments

Cash and investments as of September 30, 2020 consist of and are classified in the accompanying financial statements as follows:

Statement of Net Position:

Primary Government	
Total Cash and Cash Equivalents	$ 1,183,197
Savings and checking accounts	$ 308
Investment Pools	1,182,889
Total cash and cash equivalents	$ 1,183,197

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Public Funds Investment Act and the City's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits. The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a deposit regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC at all times.

As of September 30, 2020, CDC had the following investment:

Investment Type	Amount	Average Maturity	Minimum Legal Rating	Rating as of Year End
TexPool	$ 1,182,889	36	N/A	AAA-m

2. Receivables

Receivables at the end of the fiscal year were $188,408 representing sales tax owed from the State. Receivables are collected after year-end; therefore, no allowance for uncollectible has been recorded.

X. PRINCETON COMMUNITY DEVELOPMENT CORPORATION (continued)

3. Capital Assets

Governmental Activities	Beginning Balances	Additions	Decreases	Ending Balances
Capital assets, not being depreciated:				
Construction in progress	$ 187,514	$ 622,974	$ -	$ 810,488
Total capital assets, not being depreciated:	187,514	622,974	-	810,488
Capital assets, being depreciated:				
Building and improvements	138,557	-	-	138,557
Machinery and equipment	9,275	-	-	9,275
Total capital assets being depreciated:	147,832	-	-	147,832
Less accumulated depreciation for:				
Building and improvements	(15,299)	(3,464)	-	(18,763)
Machinery and equipment	(9,275)	-	-	(9,275)
Total accumulated depreciation	(24,574)	(3,464)	-	(28,038)
Total capital assets, being depreciated, net	123,258	(3,464)	-	119,794
Governmental activities capital assets, net	$ 310,772	$ 619,510	$ -	$ 930,282

4. Construction Commitments

The CDC has one active construction project as of September 30, 2020 for Community Center.

Project Description	Project Budget Appropriation	Spent to Date	Remaining Commitment
Community Center-	$ 1,420,354	$ 810,488	$ 609,866

5. Long-Term Obligations

A summary of long-term obligations for the year ended September 30, 2020 is as follows:

Description	Interest Rate Payable	Amounts Issued	Amounts Outstanding September 30, 2019	Issued	Retired	Amounts Outstanding September 30, 2020	Due Within One Year
Note Payable-City	0.0%	$ 941,259	$ 358,523	$ -	$ (42,333)	$ 316,190	$ 37,940
Note Payable-City	2.2%	1,245,000	1,245,000	-	(190,423)	1,054,577	192,000
Total Notes Payable		2,186,259	1,603,523	-	(232,756)	1,370,767	229,940
Net Pension Liability		-	6,079	-	(1,190)	4,889	-
OPEB Liability		-	500	-	-	500	-
Compensated Absence		-	6,709	4,903	(2,462)	9,150	-
		$ 2,186,259	$ 1,616,811	$ 4,903	$ (236,408)	$ 1,385,306	$ 229,940

Debt service requirements are as follows:

Year Ending September 30:	Total Requirements
2021	$ 229,940
2022	228,450
2023	230,210
2024	228,360
2025	225,550
2026-2029	228,257
Totals	$ 1,370,767

X. PRINCETON COMMUNITY DEVELOPMENT CORPORATION

5. Long-Term Obligations (*continued*)

The CDC agreed to pay a portion of the City's 2011 General Obligation bonds.

The CDC agreed to pay $1,245,000 of the 2019 Tax Note for the improvements to the Community Center.

The CDC follows the City's policy to permit employees to accumulate earned but unused vacation and overtime not paid (comp time).

6. Health Care Coverage

During the year ended September 30, 2020, employees of the CDC were covered by a health, dental, and vision insurance plans. The City contributed $688 per month per employee for employee coverage and $0 for dependent's health insurance. The City contributed $38 per employee (100% of the cost per employee) for dental insurance and $6 per employee for vision. Employees, at their option, authorized payroll withholdings for dependent coverage. Health and dental insurance is provided by TML MultiState Intergovernmental Employee Benefit Pool and vision insurance is with Avesis.

7. Pension Plan

$3,412 reported as deferred outflow of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the current fiscal year. Other amounts reported as deferred outflow and inflow of resources related to pension will be recognized in pension expense.

For the year ended September 30, 2020, the CDC recognized pension expense of $5,996.

8. Litigation

Management is not aware of any pending or threatened litigation involving the CDC.

9. Subsequent Events

The CDC has evaluated all events or transactions that occurred after September 30, 2020 up through April 12, 2021, the date the financial statements were available to be issued. During this period, management was unaware of any subsequent events requiring disclosure other than those mentioned within this report.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PRINCETON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST SIX MEASUREMENT YEARS (UNAUDITED)

	FISCAL YEAR					
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
Actuarially determined contribution	$ 230,584	$ 249,164	$ 349,031	$ 442,183	$ 526,626	$ 622,562
Contributions in relation to the actuarially determined contribution	$ 253,243	$ 253,725	$ 348,680	$ 441,024	$ 527,057	$ 629,379
Contributions deficiency (excess)	$ (22,659)	$ (4,561)	$ 351	$ 1,159	$ (431)	$ (6,817)
Covered payroll	$ 2,035,165	$ 2,348,391	$ 3,274,210	$ 4,098,083	$ 4,898,846	$ 5,791,275
Contributions as a percentage of covered payroll	11.33%	10.61%	10.66%	10.79%	10.75%	10.75%

Notes: The schedule is intended to show information for 10 years. Additional years will be displayed as they become available. GASB 68, paragraph 81.2.b requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes — Actuarially determined contribution rates are calculated as of December 31 and becomes effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employer tables used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes — There were no benefit changes during the year.

CITY OF PRINCETON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST SIX FISCAL YEARS (UNAUDITED)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-TMRS

	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total pension liability						
Service cost	$ 877,804	$ 729,872	$ 588,068	$ 422,523	$ 339,669	$ 270,343
Interest (on the Total Pension Liability)	493,867	422,272	365,981	318,863	302,819	281,321
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	293,353	74,525	43,938	94,966	(104,990)	(89,706)
Change of assumptions	37,494	-	-	-	4,858	-
Benefit payments, including refund of employee contributions	(252,000)	(227,937)	(241,953)	(200,204)	(171,543)	(207,466)
Net Change in Total Pension Liability	1,450,518	998,732	756,034	636,148	370,813	254,492
Total Pension Liability - Beginning	7,003,650	6,004,918	5,248,884	4,612,736	4,241,923	3,987,431
Total Pension Liability - Ending (a)	$ 8,454,168	$ 7,003,650	$ 6,004,918	$ 5,248,884	$ 4,612,736	$ 4,241,923
Plan Fiduciary Net Position						
Contributions - employers	$ 552,995	$ 462,168	$ 368,823	$ 264,028	$ 228,154	$ 166,531
Contributions - employees	360,177	299,830	242,288	173,775	142,462	127,401
Net investment income	958,656	(174,886)	666,064	289,272	6,036	216,789
Benefit payments, including refund of employee contributions	(252,000)	(227,937)	(241,953)	(200,204)	(171,543)	(207,466)
Administrative expense	(5,418)	(3,385)	(3,458)	(3,275)	(3,676)	(2,263)
Other	(163)	(177)	(175)	(176)	(182)	(186)
Net Change in Plan Fiduciary Net Position	1,614,247	355,613	1,031,589	523,420	201,251	300,806
Plan Fiduciary Net Position - Beginning	6,201,902	5,846,289	4,814,700	4,291,280	4,090,029	3,789,223
Plan Fiduciary Net Position - Ending (b)	$ 7,816,149	$ 6,201,902	$ 5,846,289	$ 4,814,700	$ 4,291,280	$ 4,090,029
Net Pension Liability - Ending (a)-(b)	$ 638,019	$ 801,748	$ 158,629	$ 434,184	$ 321,456	$ 151,894
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.45%	88.55%	97.36%	91.73%	93.03%	96.42%
Covered Payroll	$ 5,145,390	$ 4,283,289	$ 4,898,846	$ 2,482,506	$ 2,035,165	$ 1,820,011
Net Pension Liability as a Percentage of Covered Payroll	12.40%	18.72%	3.24%	17.49%	15.80%	8.35%

Notes to Schedule:

*May be off due to rounding

Note: The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF PRINCETON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST THREE MEASUREMENT YEARS (UNAUDITED)

	FISCAL YEAR		
	2020	**2019**	**2018**
Actuarially determined contribution	$ 5,660	$ 5,140	$ 4,846
Contributions in relation to the actuarially determined contribution	$ 5,496	$ 5,140	$ 4,851
Contributions deficiency (excess)	$ 164	$ -	$ (5)
Covered payroll	$ 5,145,390	$ 4,283,289	$ 3,461,260
Contributions as a percentage of covered payroll	0.11%	0.12%	0.14%

Notes: The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Only one year of data is presented in accordance with GASB 75.

GASB 75, paragraph 57 requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Summary of Actuarial Assumptions:

Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Discount rate *	2.75%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

CITY OF PRINCETON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST THREE FISCAL YEARS (UNAUDITED)

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

	12/31/2019	12/31/2018	12/31/2017
Total OPEB liability			
Changes for the year			
Service cost	$ 11,320	$ 10,280	$ 7,269
Interest on Total OPEB Liability	3,340	2,987	2,731
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(5,458)	(6,732)	-
Changes in assumptions or other inputs	20,621	(6,592)	7,271
Benefit payments **	(515)	(857)	(692)
Net Change in Total Pension Liability	29,308	(914)	16,579
Total Pension Liability - Beginning	84,617	85,531	68,952
Total Pension Liability - Ending (a)	$ 113,925	$ 84,617	$ 85,531
Covered Payroll	$ 5,145,390	$ 4,283,289	$ 3,461,260
Total OPEB Liability as a Percentage of Covered Employee Payroll	2.21%	1.98%	2.47%

** Due to SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: The schedule is intended to show information for 10 years. Additional years will be displayed as they become available

CITY OF PRINCETON
THE STATE OF TEXAS

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF PRINCETON, TEXAS
COMBINING SCHEDULE OF AGENCY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	TOTAL	Arcadia Farms	Brookside	Princeton Crossroads	Whitewing 854	Winchester #1
ASSETS						
Cash and cash equivalents	$ 12,101,781	$ 795,024	$ 318,751	$ 2,837,658	$ 4,344,536	$ 3,805,812
Total assets	12,101,781	795,024	318,751	2,837,658	4,344,536	3,805,812
LIABILITIES						
Developers Escrow	12,101,781	795,024	318,751	2,837,658	4,344,536	3,805,812
	$ 12,101,781	795,024	318,751	2,837,658	4,344,536	3,805,812

CITY OF PRINCETON, TEXAS
COMBINING SCHEDULE OF CHANGES IN AGENCY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Arcadia Farms Development	Balance 9/30/2019	Additions	Deductions	Balance 9/30/2020
ASSETS				
Cash and cash equivalents	$ 3,108,682	$ 1,497,075	$ 3,810,733	$ 795,024
Total assets	$ 3,108,682	$ 1,497,075	$ 3,810,733	$ 795,024
LIABILITIES				
Developer escrows	$ 3,108,682	$ 1,497,075	3,810,733	$ 795,024
	$ 3,108,682	$ 1,497,075	3,810,733	$ 795,024

Brookside Development	Balance 9/30/2019	Additions	Deductions	Balance 9/30/2020
ASSETS				
Cash and cash equivalents	$ 3,305,639	$ 69,785	$ 3,056,673	$ 318,751
Total assets	$ 3,305,639	$ 69,785	$ 3,056,673	$ 318,751
LIABILITIES				
Developer escrows	$ 3,305,639	$ 69,785	$ 3,056,673	$ 318,751
	$ 3,305,639	$ 69,785	$ 3,056,673	$ 318,751

Princeton Crossroads Development	Balance 9/30/2019	Additions	Deductions	Balance 9/30/2020
ASSETS				
Cash and cash equivalents	$ 4,113,960	$ 109,186	$ 1,385,488	$ 2,837,658
Total assets	$ 4,113,960	$ 109,186	$ 1,385,488	$ 2,837,658
LIABILITIES				
Developer escrows	$ 4,113,960	$ 109,186	$ 1,385,488	$ 2,837,658
	$ 4,113,960	$ 109,186	$ 1,385,488	$ 2,837,658

Whitewing 854 Development	Balance 9/30/2019	Additions	Deductions	Balance 9/30/2020
ASSETS				
Cash and cash equivalents	$ 11,562,289	$ 696,096	$ 7,913,849	$ 4,344,536
Total assets	$ 11,562,289	$ 696,096	$ 7,913,849	$ 4,344,536
LIABILITIES				
Developer escrows	$ 11,562,289	$ 696,096	$ 7,913,849	$ 4,344,536
	$ 11,562,289	$ 696,096	$ 7,913,849	$ 4,344,536

Winchester PID #1	Balance 9/30/2019	Additions	Deductions	Balance 9/30/2020
ASSETS				
Cash and cash equivalents	$ -	$ 3,805,812	$ -	$ 3,805,812
Total assets	$ -	$ 3,805,812	$ -	$ 3,805,812
LIABILITIES				
Developer escrows	$ -	$ 3,805,812	$ -	$ 3,805,812
	$ -	$ 3,805,812	$ -	$ 3,805,812

CITY OF PRINCETON
THE STATE OF TEXAS

CITY OF PRINCETON, TEXAS
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUE				
Taxes:				
Property	$ 2,750,247	$ 2,750,247	$ 3,126,989	$ 376,742
Intergovernmental revenues	307,756	307,756	307,756	-
Miscellaneous	10,000	10,555	15,590	5,035
Total Revenues	3,068,003	3,068,558	3,450,335	381,777
EXPENDITURES				
General Government	23,000	2,850	2,840	10
Debt service:				
Principal retirement	2,321,600	2,321,600	2,321,600	-
Issuance costs	-	137,775	137,774	1
Interest	700,887	700,887	628,525	72,362
Total Expenditures	3,045,487	3,163,112	3,090,739	72,373
Excess (deficiency) of revenues over (under) expenditures	22,516	(94,554)	359,596	454,150
Other Financing Sources (Uses)				
Transfers	(32,767)	(2,667,767)	(2,635,000)	32,767
Premium/discount on issuance of debt	-	2,772,770	2,772,774	4
Total Other Financing Sources (uses)	(32,767)	105,003	137,774	32,771
Net Change in Fund Balances	(10,251)	10,449	497,370	486,921
Fund Balance, October 1	896,726	896,726	896,726	
Fund Balance, September 30	$ 886,475	$ 907,175	$ 1,394,096	

CITY OF PRINCETON, TEXAS
BALANCE SHEET
ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2020

	EDC Operating Fund
ASSETS	
Cash and cash equivalents	$ 1,752,799
Receivables	188,408
Note receivable	1,002,337
Interest receivable	5,012
Total Assets	2,948,556
LIABILITIES	
Accounts payable	6,434
Other liabilities	410
Accrued expenses	3,036
Total Liabilities	9,880
DEFERRED INFLOW OF RESOURCES	
Unearned revenues - note receivable	1,002,337
Total Deferred inflow of resources	1,002,337
FUND BALANCES	
Restricted - note receivable	1,002,337
Committed:	
Projects	658,908
Community events	17,000
Debt service	75,000
Unassigned	183,094
Total Fund Balances	1,936,339
Total Liabilities and Fund Balances	$ 2,948,556

CITY OF PRINCETON, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2020

Total fund balances - governmental funds balance sheet	$ 1,936,339
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds:	
Governmental capital assets	1,407,658
Less: accumulated depreciation	(37,366)
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Included with amounts related to net pension liability are deferred outflows of resources and deferred inflows of resources that are attributable to the multiple-employer pension plan. Balances at year-end are:	
Note payable	(1,125,000)
Compensated absence balance	(9,150)
Net pension liability	(4,496)
Net OPEB liability	(759)
Deferred outflow/inflow of resources - pension plan	4,850
Deferred outflow/inflow of resources - OPEB	85
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the fund financial statements.	1,002,337
Net assets of governmental activities - statement of net position	$ 3,174,498

CITY OF PRINCETON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	EDC Operating Fund
REVENUE	
Sales taxes	$ 964,257
Investment income	38,164
Total Revenues	1,002,421
EXPENDITURES	
Current:	
Personnel	89,761
Contract services	10,343
Projects costs	658,908
Promotional and advertising	27,980
Supplies and maintenance	6,789
Office expenses and supplies	23,183
Debt service:	
Principal retirement	75,000
Total Expenditures	891,964
Excess (deficiency) of revenues over (under) expenditures	110,457
OTHER FINANCING SOURCES (USES)	
Sale of land	344,797
Total other financing sources (uses)	344,797
Net change in fund balance	455,254
Fund Balance, October 1	1,481,085
Fund Balance, September 30	$ 1,936,339

CITY OF PRINCETON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balance - statement of revenues, expenditures and changes in fund balance - governmental funds	$ 455,254
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as in the governmental funds.	(14,920)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Principal paid - note	75,000
Certain expenses related to employee compensation and benefits are reported in the statement of activities but do not require the use of financial resources, and, therefore, are not reported as expenditures in governmental funds:	
Change in compensated absence balances	(2,441)
Change in net pension and OPEB liabilities and deferred inflows/outflows	(562)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in fund financial statements.	907,438
Change in net position - statement of activities	$ 1,419,769

CITY OF PRINCETON, TEXAS
BALANCE SHEET
COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2020

	CDC Operating Fund
ASSETS	
Cash and cash equivalents	$ 1,183,197
Receivables	188,408
Total Assets	1,371,605
Liabilities	
Accounts payable	6,490
Accrued expenses	3,036
Retainage payable	60,844
Total Liabilities	70,370
Fund Balances	
Committed:	
Community events	26,000
Projects	550,388
Debt	232,756
Unassigned	492,091
Total Fund Balances	1,301,235
Total Liabilities and Fund Balances	$ 1,371,605

CITY OF PRINCETON, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2020

Total fund balances - governmental funds balance sheet	$ 1,301,235
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds:	
Governmental capital assets	958,320
Less: accumulated depreciation	(28,038)
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Included with amounts related to net pension liability are deferred outflows of resources and deferred inflows of resources that are attributable to the multiple-employer pension plan. Balances at year-end are:	
Note payable	(1,370,767)
Compensated absence balance	(9,150)
Net pension liability	(4,630)
Net OPEB liability	(759)
Deferred outflow/inflow of resources - pension plan	4,856
Deferred outflow/inflow of resources - OPEB	86
Net assets of governmental activities - statement of net position	$ 851,153

CITY OF PRINCETON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	CDC Operating Fund
REVENUE	
Sales taxes	$ 964,257
Investment income	15,920
Total Revenues	980,177
EXPENDITURES	
Current:	
Personnel	89,759
Contract services	21,756
Promotional and advertising	36,904
Supplies & maintenance	11,651
Project costs	550,388
Community events	22,516
Capital outlay	622,974
Debt service:	
Principal retirement	232,756
Total Expenditures	1,588,704
Net change in fund balance	(608,527)
Fund Balance, October 1	1,909,762
Fund Balance, September 30	$ 1,301,235

CITY OF PRINCETON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balance - statement of revenues, expenditures and changes in fund balance - governmental funds	$ (608,527)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount of capital outlay during the current period.	622,974
Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds.	(3,464)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Principal paid - note	232,756
Certain expenses related to employee compensation and benefits are reported in the statement of activities but do not require the use of financial resources, and, therefore, are not reported as expenditures in governmental funds:	
Change in compensated absence balances	(2,442)
Change in net pension and OPEB liabilities and deferred inflows/outflows	(562)
Change in net position - statement of activities	$ 240,735

CITY OF PRINCETON, TEXAS
BUDGETARY COMPARISON SCHEDULE - ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Sales Taxes	$ 712,500	$ 713,970	$ 964,257	$ 250,287
Investment Income	20,000	20,000	38,164	18,164
Total Revenues	732,500	733,970	1,002,421	268,451
EXPENDITURES				
Current:				
Economic Development	1,018,762	1,067,666	816,964	250,702
Debt Service:				
Principal Retirement	75,000	75,000	75,000	-
Total Expenditures	1,093,762	1,142,666	891,964	250,702
Excess (deficiency) of revenues over/(under) expenditures	(361,262)	(408,696)	110,457	519,153
OTHER FINANCING SOURCES (USES)				
Sale of land	-	-	344,797	344,797
Total other financing sources (uses)	-	-	344,797	344,797
Net Change in Fund Balance	(361,262)	(408,696)	455,254	863,950
Fund Balance, October 1	1,481,085	1,481,085	1,481,085	
Prior Period Adjustments	-	-	-	
Fund Balance, September 30	$ 1,119,823	$ 1,072,389	$ 1,936,339	

CITY OF PRINCETON, TEXAS
BUDGETARY COMPARISON SCHEDULE - COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Sales Taxes	$ 712,500	$ 720,100	$ 964,257	$ 244,157
Investment Income	13,000	13,000	15,920	2,920
Total Revenues	725,500	733,100	980,177	247,077
EXPENDITURES				
Current:				
Community Development	2,080,135	2,209,608	732,974	1,476,634
Capital Outlays	1,245,000	1,245,000	622,974	622,026
Debt Service:				
Principal Retirement	238,060	238,060	232,756	5,304
Total Expenditures	3,563,195	3,692,668	1,588,704	2,103,964
Net Change in Fund Balance	(2,837,695)	(2,959,568)	(608,527)	2,351,041
Fund Balance, October 1	1,909,762	1,909,762	1,909,762	
Fund Balance, September 30	$ (927,933)	$ (1,049,806)	$ 1,301,235	

CITY OF PRINCETON
THE STATE OF TEXAS

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION
(unaudited)

This part of the City of Princeton's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 89

Revenue Capacity

These schedules contain information to help the reader assess the City's ability to generate its property and sales taxes. 96

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 102

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. 107

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. 109

CITY OF PRINCETON, TEXAS **Table 1**
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	FISCAL YEAR				
	2011	**2012**	**2013**	**2014**	**2015**
Governmental activities					
Net investment in capital assets	$ 2,472,934	$ 5,151,105	$ 6,626,161	$ 6,640,339	$ 7,305,692
Restricted	5,128,261	2,162,925	642,768	2,990,401	3,152,746
Unrestricted	70,229	666,375	2,317,036	483,094	1,357,720
Total governmental activities net position	7,671,424	7,980,405	9,585,965	10,113,834	11,816,158
Business-type activities					
Net investment in capital assets	3,828,257	3,572,269	3,460,166	4,876,332	5,104,136
Restricted	734,362	620,769	766,049	808,064	994,498
Unrestricted	968,438	1,115,827	1,192,221	1,839,812	2,197,241
Total business-type activities net position	5,531,057	5,308,865	5,418,436	7,524,208	8,295,875
Primary government					
Net investment in capital assets	6,301,191	8,723,374	10,086,327	11,516,671	12,409,828
Restricted	5,862,623	2,783,694	1,408,817	3,798,465	4,147,244
Unrestricted	1,038,667	1,782,202	3,509,257	2,322,906	3,554,961
Total primary government net position	$ 13,202,481	$ 13,289,270	$ 15,004,401	$ 17,638,042	$ 20,112,033

	FISCAL YEAR				
	2016	**2017**	**2018**	**2019**	**2020**
Governmental activities					
Net investment in capital assets	$ 8,075,220	$ 16,457,417	$ 22,926,273	$ 12,622,746	$ 43,236,379
Restricted	4,140,512	2,539,370	7,211,360	13,237,763	39,388,505
Unrestricted	1,710,252	2,075,253	2,666,324	16,417,920	(16,835,067)
Total governmental activities net position	13,925,984	21,072,040	32,803,957	42,278,429	65,789,817
Business-type activities					
Net investment in capital assets	6,631,526	11,785,446	20,496,075	24,609,087	37,897,044
Restricted	1,851,788	3,153,343	3,465,755	5,523,425	7,215,702
Unrestricted	2,278,245	2,695,126	4,435,377	5,410,600	6,906,498
Total business-type activities net position	10,761,559	17,633,915	28,397,207	35,543,112	52,019,244
Primary government					
Net investment in capital assets	14,706,746	28,242,863	43,422,348	37,231,833	81,133,423
Restricted	5,992,300	5,692,713	10,677,115	18,761,188	46,604,207
Unrestricted	3,988,497	4,770,379	7,101,701	21,828,520	(9,928,569)
Total primary government net position	$ 24,687,543	$ 38,705,955	$ 61,201,164	$ 77,821,541	$ 117,809,061

CITY OF PRINCETON, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	FISCAL YEAR			
	2011	**2012**	**2013**	**2014**
EXPENSES				
Governmental activities:				
General government	$ 787,033	$ 541,838	$ 704,619	$ 728,324
Public safety	1,310,826	1,374,721	1,380,786	1,244,648
Public services and operations	272,659	274,184	294,647	497,095
Parks and recreation	197,735	294,768	307,933	245,950
Library	-	-	-	-
Public works	562,550	442,915	603,570	1,113,223
Interest on long-term debt	322,897	289,026	262,039	215,011
Total government activities expenses	3,453,700	3,217,452	3,553,594	4,044,251
Business-type activities:				
Water and sewer	3,837,065	3,837,603	4,318,861	4,449,142
Storm water drainage	-	-	-	-
Total business-type activities expenses	3,837,065	3,837,603	4,318,861	4,449,142
Total primary government expenses	7,290,765	7,055,055	7,872,455	8,493,393
PROGRAM REVENUES				
Governmental activities:				
Charge for services:				
General government	-	-	-	-
Public safety	267,848	234,570	271,837	353,545
Public services and operations	-	-	-	-
Parks and recreation	9,421	15,489	17,972	83,217
Library		-		
Public works	224,209	259,738	291,606	724,455
Operating grants and contributions	39,182	213,574	1,015,344	148,283
Capital grants and contributions	3,400	200,014	849,804	266,308
Total governmental activities program revenues	544,060	923,385	2,446,563	1,575,808
Business-type activities:				
Charge for services:				
Water and sewer	3,850,211	3,694,915	4,382,048	4,812,038
Storm water drainage	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	239,917	145,353	74,680	-
Total business-type activities program revenues	4,090,128	3,840,268	4,456,728	4,812,038
Total primary government program revenues	4,634,188	4,763,653	6,903,291	6,387,846
NET (EXPENSE)/REVENUE				
Governmental activities	(2,909,640)	(2,294,067)	(1,107,031)	(2,468,443)
Business-type activities	253,063	2,665	137,867	362,896
Total primary government program revenues				
Net Expenses	(2,656,577)	(2,291,402)	(969,164)	(2,105,547)

FISCAL YEAR					
2015	2016	2017	2018	2019	2020
$ 666,193	$ 789,760	$ 861,576	$ 1,009,624	$ 2,332,105	$ 1,236,657
1,335,532	1,562,609	3,050,330	4,014,770	4,559,343	5,341,659
697,081	893,941	886,973	1,353,362	1,217,468	1,326,917
493,077	552,517	527,723	706,987	1,000,471	1,056,310
102,133	129,687	151,936	169,895	251,596	229,122
1,232,485	1,381,286	1,642,760	1,743,261	2,672,048	3,335,833
311,418	390,417	544,788	623,667	538,930	782,724
4,837,919	5,700,217	7,666,086	9,621,566	12,571,961	13,309,222
4,676,918	6,062,226	6,183,258	7,343,569	9,011,378	10,329,908
-	-	232,136	513,498	413,028	526,414
4,676,918	6,062,226	6,415,394	7,857,067	9,424,406	10,856,322
9,514,837	11,762,443	14,081,480	17,478,633	21,996,367	24,165,544
115,000	115,000	265,178	265,191	576,821	598,040
294,989	348,441	25,690	36,740	39,734	72,345
-	130,204	2,324,727	2,842,392	2,626,781	4,151,327
45,086	-	146,968	566,573	1,744,437	1,339,530
	-	6,913	7,379	7,186	3,211
763,325	1,292,208	1,430,930	1,989,613	1,797,946	3,249,487
20,258	8,129	422,920	478,064	495,349	1,137,172
2,112,676	1,908,221	5,385,169	9,084,326	6,177,007	16,061,420
3,351,334	3,802,203	10,008,495	15,270,278	13,465,261	26,612,532
5,214,972	6,754,857	9,563,489	12,320,362	11,629,555	14,357,412
-	-	319,409	359,638	408,288	527,314
-	-	-	-	800	1,724
118,855	1,439,081	4,449,124	5,517,586	4,558,040	12,530,784
5,333,827	8,193,938	14,332,022	18,197,586	16,596,683	27,417,234
8,685,161	11,996,141	24,340,517	33,467,864	30,061,944	54,029,766
(1,486,585)	(1,898,014)	2,342,409	5,648,712	893,300	13,303,310
656,909	2,131,712	7,916,628	10,340,519	7,172,277	16,560,912
(829,676)	233,698	10,259,037	15,989,231	8,065,577	29,864,222

(continued)

CITY OF PRINCETON, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	FISCAL YEAR			
	2011	**2012**	**2013**	**2014**
GENERAL REVNUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Property	$ 2,060,352	$ 2,072,551	$ 2,131,994	$ 2,228,700
Sales	387,708	447,973	501,970	572,515
Franchise	227,551	225,711	189,738	216,724
Beverage	-	2,368	3,190	1,861
Investment income	9,552	15,913	11,114	6,702
Miscellaneous	336,730	45,765	47,026	54,360
Intergovernmental	2,896,341	-	-	-
Transfers	(26,753)	609	(32,841)	(84,550)
Total government activities	5,891,481	2,810,890	2,852,191	2,996,312
Business-type activities:				
Investment income	757	256	332	4,167
Miscellaneous	18,210	1,491	1,931	3,856
Intergovernmental revenue	-	-	-	-
Extraordinary items	-	-	-	-
Transfers	26,753	(609)	32,841	84,550
Total business-type activities	45,720	1,138	35,104	92,573
Total primary government	5,937,201	2,812,028	2,887,295	3,088,885
CHANGE IN NET POSITION				
Governmental activities	2,981,841	516,823	1,745,160	527,869
Business-type activities	298,783	3,803	172,971	455,469
Total primary government	3,280,624	520,626	1,918,131	983,338

Table 2
(continued)

FISCAL YEAR					
2015	**2016**	**2017**	**2018**	**2019**	**2020**
$ 2,483,190	$ 2,859,709	$ 3,539,491	$ 4,581,813	$ 6,053,199	$ 7,472,581
626,981	918,489	1,267,448	1,327,813	1,540,373	1,928,514
198,430	190,838	262,549	338,887	401,613	417,291
-	-	2,984	5,698	4,466	2,613
3,938	15,937	76,593	112,237	248,494	128,794
59,820	55,358	5,270	28,387	23,171	68,405
-	-	-	-	-	-
(132,418)	(32,491)	(33,491)	(317,115)	254,021	187,106
3,239,941	4,007,840	5,120,844	6,077,720	8,525,337	10,205,304
6,005	10,929	24,525	80,657	165,375	103,372
3,148	10,463	32,888	41,261	62,274	1,312
-	231,150	-	-	-	
-	-	-	-	-	
132,418	32,491	33,491	317,115	(254,021)	(187,106)
141,571	285,033	90,904	439,033	(26,372)	(82,422)
3,381,512	4,292,873	5,211,748	6,516,753	8,498,965	10,122,882
1,753,356	2,109,826	7,463,253	11,726,432	9,418,637	23,508,614
798,480	2,416,745	8,007,532	10,779,552	7,145,905	16,478,490
2,551,836	4,526,571	15,470,785	22,505,984	16,564,542	39,987,104

CITY OF PRINCETON, TEXAS **Table 3**
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2011	$ 2,060,352	$ 387,708	$ 227,551	$ 3,542	$ 2,679,153
2012	2,072,551	447,973	225,711	2,368	2,748,603
2013	2,131,994	501,970	189,738	3,190	2,826,892
2014	2,228,700	572,515	216,724	1,861	3,019,800
2015	2,483,190	626,981	313,430	2,614	3,426,215
2016	2,859,709	918,489	305,838	2,796	4,086,832
2017	3,539,491	1,267,448	262,549	2,984	5,072,472
2018	4,581,813	1,327,813	338,887	5,698	6,254,211
2019	6,053,199	1,540,373	401,613	4,466	7,999,651
2020	7,472,581	1,928,514	417,291	2,613	9,820,999

CITY OF PRINCETON, TEXAS **Table 4**
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

	FISCAL YEAR				
	2011	**2012**	**2013**	**2014**	**2015**
General Fund					
Nonspendable-prepaid	$ -	$ 9,751	$ -	$ -	$ -
Restricted for:					
Court use	8,828	11,136	13,472	82,263	96,279
Capital improvements	-	-	-	69,761	-
PEG capital	-	7,478	16,915	23,965	31,804
Committed for:					
Public safety	18,731	89,034	104,114	102,263	66,009
Capital improvements	-	-	-	-	-
Assigned for:					
General government				2,362	2,362
Police	1,084	4,015	-	-	-
Unassigned	(273,162)	(144,933)	8,211	517,024	733,619
Total General Fund	(244,519)	(23,519)	142,712	797,638	930,073
All Other Governmental Funds					
Restricted for:					
Debt service	342,532	372,018	436,983	431,132	388,020
Capital improvements	4,771,097	2,496,018	2,641,610	2,452,981	2,636,643
Committed for:					
Parks	-	-	239,739	-	48,019
	$ 5,113,629	$ 2,868,036	$ 3,318,332	$ 2,884,113	$ 3,072,682

	FISCAL YEAR				
	2016	**2017**	**2018**	**2019**	**2020**
General Fund					
Nonspendable					
Prepaid	$ -	$ -	$ 21,133	$ 33,282	$ 142,631
Inventory	-	-	12,116	15,855	19,584
Restricted for:					
General government	-	-	-	-	659,226
Court use	78,136	80,953	103,720	127,968	140,802
Public Safety	-	-	3,681	4,807	4,824
PEG capital	39,576	41,862	41,862	46,391	51,210
Committed for:					
Parks and recreation	-	-	-	2,000	4,000
Public Safety	68,584	15,659	14,000	22,806	21,637
Public works	-	20,000	-	19,600	23,545
Development	-	295,537	10,500	12,500	14,500
Assigned for:					
Public safety	-	66,998	23,570	-	-
Public works	-	-	7,453	-	-
General government	2,362	-	-	-	-
Unassigned	1,530,097	1,497,135	1,857,401	1,930,490	3,467,630
Total General Fund	1,718,755	2,018,144	2,095,436	2,215,699	4,549,589
All Other Governmental Funds					
Restricted for:					
Debt service	917,661	2,346,400	2,336,466	896,726	1,394,096
Capital improvements	3,105,139	7,551,911	4,109,911	9,768,641	37,138,347
Committed for:					
Public safety	-	4,500	-	-	-
Parks	239,741	190,718	190,718	558,571	872,815
Assigned for:					
Public safety	-	-	4,500	984,621	965,634
Parks	-	-	424,183	854,845	1,189,878
	$ 4,262,541	$ 10,093,529	$ 6,637,095	$ 13,063,404	$ 41,560,770

CITY OF PRINCETON, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

	FISCAL YEAR			
	2011	**2012**	**2013**	**2014**
REVENUES				
Property taxes	$ 2,052,550	$ 2,108,665	$ 2,148,647	$ 2,229,646
Non-property taxes	618,801	676,052	694,898	791,100
License and permits	222,194	259,738	291,606	724,455
Fines/Court	204,011	195,497	223,980	325,175
Charges for services	48,252	69,510	91,097	83,217
Impact fees	-	-	-	-
Grants and contributions	40,484	159,988	85,994	11,525
Developer fees	-	-	-	-
Donations	306,348	11,722	17,680	17,010
Investment income	9,552	15,913	11,114	6,702
Intergovernmental	2,862,740	246,248	768,746	217,809
Miscellaneous	26,843	38,630	40,186	29,947
Total Revenues	6,391,775	3,781,963	4,373,948	4,436,586
EXPENDITURES				
General government	744,937	490,861	609,017	725,630
Public safety	1,304,248	1,174,580	1,151,292	1,293,428
Public works	444,451	333,393	429,004	460,504
Public services and operations	268,658	269,557	291,680	276,377
Parks and recreation	185,225	229,804	109,854	95,038
Library	-	210	133,852	95,733
Capital outlay	2,234,246	2,604,944	1,696,947	494,965
Debt Service:				
Principal	638,357	494,283	566,061	478,089
Interest and other charges	324,670	287,818	258,593	211,565
Issuance cost and bond refunding	65,000	-	28,143	-
Total Expenditures	6,209,792	5,885,450	5,274,443	4,131,329
OTHER FINANCING SOURCES (USES)				
Note/Bond proceeds	1,481,682	114,066	1,549,861	-
Payments to bond refunding escrow agent	(1,144,500)	-	-	-
Net cost of issuance premium/(discount)	-	-	-	-
Sales of assets	27,021	-	-	-
Capital lease proceeds	-	-	-	-
Transfers	(26,753)	609	(32,841)	(84,550)
Total Other financing Sources (Uses)	337,450	114,675	1,517,020	(84,550)
NET CHANGE IN FUND BALANCES	$ 519,433	$ (1,988,812)	$ 616,525	$ 220,707
Debt Service as a percentage of noncapital expenditures	24.63%	23.84%	23.23%	18.97%

Table 5

FISCAL YEAR					
2015	**2016**	**2017**	**2018**	**2019**	**2020**
$ 2,496,373	$ 2,868,605	$ 3,539,491	$ 4,596,307	$ 6,016,963	$ 7,491,961
828,025	1,112,122	1,532,981	1,672,398	1,946,452	2,348,418
763,325	1,292,208	1,139,145	1,324,778	1,197,053	2,052,232
266,473	313,762	318,666	383,154	249,793	196,658
160,086	245,204	1,306,096	1,962,606	2,570,913	3,370,083
-	-	1,430,930	1,913,383	1,797,946	3,249,487
20,258	8,129	343,855	-	-	7,344,313
-	-	-	-	959,705	488,366
14,448	16,177	20,466	26,527	180,506	8,556
3,938	15,938	76,593	112,237	248,494	128,794
1,212,846	1,177,809	1,568,006	1,836,090	1,139,930	1,630,205
42,759	36,385	19,260	59,090	37,774	229,374
5,808,531	7,086,339	11,295,489	13,886,570	16,345,529	28,538,447
571,945	684,955	850,758	994,127	2,291,888	1,046,207
1,445,434	1,630,932	2,897,383	3,760,715	4,144,134	4,852,909
700,550	748,702	755,542	661,496	903,096	1,067,638
476,654	636,406	872,474	1,329,191	1,171,038	1,266,617
403,473	460,734	443,937	604,104	766,783	725,838
103,605	117,758	141,514	159,990	216,026	194,545
2,205,877	3,917,850	6,122,703	8,902,747	4,515,865	5,684,055
550,866	649,425	771,122	1,133,551	2,178,435	2,684,837
307,171	388,396	531,818	562,245	548,043	137,774
68,397	84,689	68,700	-	63,840	679,547
6,833,972	9,319,847	13,455,951	18,108,166	16,799,148	18,339,967
1,360,000	3,245,000	8,465,000	-	7,790,000	17,365,000
-	-	-	-	-	-
89,052	202,141	26,200	-	-	2,772,774
-	-	6,000	76,230	7,154	-
29,809	182,652	110,814	1,489,406	216,890	268,047
(132,418)	(32,491)	22	(317,115)	254,021	187,106
1,346,443	3,597,302	8,608,036	1,248,521	8,268,065	20,592,927
$ 321,002	$ 1,363,794	$ 6,447,574	$ (2,973,075)	$ 7,814,446	$ 30,791,407
18.82%	19.21%	17.94%	18.42%	22.20%	22.30%

CITY OF PRINCETON, TEXAS **Table 6**
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended Sept. 30	Real Property		Personal Property Other	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Gross Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						
2011	$ 278,592,732	$ 33,766,205	$ 27,487,082	$ (58,979,246)	$ 280,866,773	$ 0.728394	$ 339,846,019	82.65%
2012	295,401,109	42,701,207	2,497,520	(59,111,138)	281,488,698	0.728394	340,599,836	82.64%
2013	293,259,335	44,359,953	233,729	(62,018,127)	275,834,890	0.728394	337,853,017	81.64%
2014	313,596,419	49,171,779	2,510,382	(63,673,035)	301,605,545	0.728394	365,278,580	82.57%
2015	364,887,976	52,483,026	2,471,089	(75,771,626)	344,070,465	0.738999	419,842,091	81.95%
2016	431,633,366	56,757,007	2,701,269	(106,120,967)	384,970,675	0.738999	491,091,642	78.39%
2017	500,547,077	67,989,329	2,949,716	(108,947,539)	462,538,583	0.721800	571,486,122	80.94%
2018	699,455,122	100,020,051	3,260,865	(184,613,386)	618,122,652	0.691890	802,736,038	77.00%
2019	905,418,021	127,502,195	3,334,546	(193,534,385)	842,720,377	0.688820	1,036,254,762	81.32%
2020	949,006,116	268,918,014	3,227,268	(182,037,684)	1,039,113,714	0.676299	1,221,151,398	85.09%

Source: Collin County Appraisal District

Note Property is reassessed annually. Property is assessed at actual value; therefore, the assessed values are equal to the actual value.
Tax ratesa re per $100 of assessed value.

CITY OF PRINCETON, TEXAS **Table 7**
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(PER $100 OF ASSESSED VALUE)
(unaudited)

	City Direct Rates			Overlappy Rates*		
Fiscal Year Ended Sept 30	Operating/ General Rate	General Obligation Debt Service	Total Direct	Princeton Independent School District	Collin County	Collin County Community College
2011	$ 0.439990	$ 0.288404	$ 0.728394	$ 1.591400	$ 0.245000	$ 0.086300
2012	0.439990	0.288404	0.728394	1.490000	0.240000	0.086300
2013	0.439990	0.288404	0.728394	1.490000	0.240000	0.086299
2014	0.511969	0.227030	0.738999	1.473600	0.240000	0.083643
2015	0.511969	0.227030	0.738999	1.480000	0.237500	0.081960
2016	0.503901	0.217899	0.721800	1.620000	0.235000	0.081960
2017	0.461505	0.230381	0.691886	1.620000	0.225000	0.081222
2018	0.426465	0.263425	0.689890	1.620000	0.192246	0.079810
2019	0.402494	0.286326	0.688820	1.620000	0.180785	0.081222
2020	0.394077	0.282222	0.676299	1.568350	1.749510	0.081222

CITY OF PRINCETON, TEXAS **Table 8**
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(unaudited)

Taxpayer	Assessed Taxable Value FY2020	Rank	Percentage of Assessed Taxable Value
Walmart Real Estate Business Trust	$ 15,198,305	1	1.46%
D R Horton - Texas LTD	12,701,890	2	1.22%
Conroe Health Development	11,256,307	3	1.08%
Charley's Concrete Company Inc	8,107,096	4	0.78%
JDFIU Princeton LLC	7,607,679	5	0.73%
Lennar Homes of Texas	6,927,545	6	0.67%
Meritage Homes of Texas	6,765,209	7	0.65%
Walmart Stores Texas LLC	6,592,994	8	0.63%
Lennar Homes of Texas	6,528,500	9	0.63%
Harper Springs Homes LLC	6,398,078	10	0.62%
	$ 88,083,603		
Total Assessed Value	$ 1,039,113,714		

	Assessed Taxable Value FY2011	Rank	Percentage of Assessed Taxable Value
Edison Development Co	$ 4,865,919	1	1.73%
First National Bank	2,622,704	2	0.93%
Princeton Village LLC	1,967,981	3	0.70%
Princeton 380 Ltd	1,757,609	4	0.63%
First Bank Farmersville	1,414,662	5	0.50%
Parkview Heights LLC	1,339,012	6	0.48%
JOMC Properties Inc	1,305,933	7	0.46%
Wallace Real Estate	1,181,955	8	0.42%
D R Horton	1,102,735	9	0.39%
Caldwell Durrie Lee	1,070,559	10	0.38%
	$ 18,629,069		
Total Assessed Value	$ 281,174,941		

CITY OF PRINCETON, TEXAS **Table 9**
PROPERTY TAX LEVIES AND COLLECTIONS
(unaudited)

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to-Date	
		Amount	% of Levy		Amount	% of Levy
2011	$ 2,041,553	$ 1,999,672	97.95%	$ 35,819	$ 2,035,491	99.70%
2012	2,048,174	2,024,856	98.86%	17,616	2,042,472	99.72%
2013	2,101,230	2,093,767	99.64%	784	2,094,551	99.68%
2014	2,210,407	2,198,054	99.44%	2,356	2,200,410	99.55%
2015	2,449,973	2,440,330	99.61%	-	2,440,330	99.61%
2016	2,833,887	2,812,844	99.26%	4,569	2,817,413	99.42%
2017	3,605,161	3,539,491	98.18%	4,150	3,543,641	98.29%
2018	4,724,242	4,596,306	97.29%	2,363	4,598,669	97.34%
2019	5,995,210	5,866,980	97.86%	13,450	5,880,430	98.09%
2020	6,491,113	6,398,147	98.57%	90,043	6,488,190	99.95%

Source: Collin County Appraisal District

CITY OF PRINCETON, TEXAS
RATIO OF OUTDSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(unaudited)

Table 10

	Governmental Activities				Business-type Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligations	Other Obligations	Limited Tax Note	General Obligation Bonds	Certificates of Obligations	Other Obligations	Total Primary Government	Percentage of Personal Income	Per Capita (1)
2011	$ 1,439,500	$ 4,315,000	$ 31,521	$ 695,000	$ 1,610,500	$ 7,845,000	$ 17,756	$ 15,954,277	11.78%	2,344
2012	1,325,600	4,315,000	105,204	355,000	1,521,400	7,700,000	11,482	15,333,686	10.14%	2,061
2013	1,321,622	4,254,295	284,804	1,285,000	1,490,600	7,550,000	3,516	16,189,837	9.64%	2,178
2014	1,206,200	4,149,963	204,915	1,110,000	1,393,800	7,395,000	-	15,459,878	12.15%	1,781
2015	1,058,200	5,421,659	150,456	935,000	1,286,800	7,230,000	105,990	16,188,105	11.83%	1,730
2016	906,500	8,435,000	260,384	755,000	7,203,500	1,130,000	150,594	18,840,978	11.92%	1,818
2017	762,200	16,801,315	224,377	570,000	7,479,800	950,000	145,972	26,933,664	10.21%	2,533
2018	695,600	16,382,202	1,626,832	-	7,352,610	760,000	596,692	27,413,936	8.39%	2,138
2019	629,000	14,415,000	1,487,508	7,790,000	6,841,000	560,000	472,977	32,195,485	6.90%	2,511
2020	562,400	31,295,000	1,456,473	6,020,000	6,722,600	350,000	345,537	46,752,010	7.26%	3,646

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) See Table 15 for personal income and population data.

CITY OF PRINCETON, TEXAS **Table 11**
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year	Estimated Population	Assessed Property Value (1)	Gross Bonded Debt (2)	Less: Debt Service Funds (3)	Net Bonded Debt	% Net Bonded Debt to Assessed Property Value	Net Bonded Debt Per Capita
2011	6,807	$ 280,866,773	$ 6,481,021	$ 342,532	$ 6,138,489	2.31%	$ 952
2012	7,440	281,488,698	6,100,804	372,018	5,728,786	2.17%	820
2013	7,469	277,934,890	7,145,721	429,895	6,715,826	2.57%	957
2014	8,769	301,605,545	6,671,078	431,132	6,239,946	2.21%	761
2015	9,356	344,070,465	7,565,315	386,489	7,178,826	2.20%	809
2016	10,632	384,970,675	10,356,884	389,971	9,966,913	2.69%	974
2017	10,632	462,538,583	18,133,515	550,692	17,582,823	3.92%	1,706
2018	12,822	618,122,652	18,704,634	659,744	18,044,890	3.03%	1,459
2019	12,822	842,720,377	22,834,000	896,725	21,937,275	2.71%	1,781
2020	16,500	1,039,113,714	37,877,400	1,394,096	36,483,304	3.65%	2,296

Source:
(1) Collin County Appraisal District
(2) Schedule of Bonds Payable and total bonds for fiscal year
(3) Schedule of General Long-term debt and statistical section

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF PRINCETON, TEXAS **Table 12**
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(unaudited)

Governmental Subdivision	Gross Bonded Debt	Percentage of Debt Applicable to Area	City Share of Overlapping Debt
Collin County	$ 487,405,000	0.46%	$ 2,242,063
Collin County CCD	524,590,000	0.46%	2,413,114
McKinney Independent School District	491,650,000	0.10%	491,650
Princeton Independent School District	216,430,781	56.05%	121,309,453
	$ 1,720,075,781		$ 126,456,280
City of Princeton			$ 37,877,400
			$ 164,333,680
Ratio of overlapping debt to taxable assessed valuation (valued at 100% of market value)			15.81%
Per capita overlapping bonded debt			$ 9,960

Source: "Texas Municipal Report" as of September 30, 2020, prepared by the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Princeton. This process recognizes that, when considering the City of Princeton's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Princeton's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF PRINCETON, TEXAS
LEGAL AND DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(unaudited)

Table 13

	FISCAL YEAR									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Tax Limit Rate	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Current Tax Rate	0.728394	0.728394	0.728394	0.738999	0.738999	0.721800	0.691886	0.689890	0.688820	0.676299
Available Tax Rate	$ 1.7716	$ 1.7716	$ 1.7716	$ 1.7610	$ 1.7610	$ 1.7782	$ 1.8081	$ 1.8101	$ 1.8112	$ 1.8237

Legal Debt Margin Calculation for Fiscal Year 2019

Taxable assessed value	$ 1,039,113,714
Add back exempt real property	182,037,684
Total assessed value	$ 1,221,151,398
Debt limit (10% of total assessed value)	
Debt applicable to limit:	
Property tax supported debt	$ 37,877,400
Less: Amount set aside for repayment of general debt	(1,394,096)
Total net debt applicable to limit	$ 36,483,304
Legal debt margin	2.99%

CITY OF PRINCETON, TEXAS **Table 14**
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(unaudited)

	Water and Sewer Revenue Bonds					
				Annual Requirements		
Fiscal Year	Total Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Principal	Interest	Times Coverage
2011	$ 3,868,421	$ 3,324,228	$ 544,193	$ 216,500	$ 463,160	0.80
2012	3,841,759	3,094,483	747,276	239,100	436,766	1.11
2013	4,383,979	3,449,737	934,242	251,800	429,508	1.37
2014	4,815,894	3,223,135	1,592,759	277,000	413,325	2.31
2015	5,218,120	3,418,349	1,799,771	288,300	401,744	2.61
2016	6,765,321	4,722,866	2,042,455	320,700	166,409	4.19
2017	6,824,537	5,163,318	1,661,219	298,400	342,428	2.59
2018	8,901,145	6,015,505	2,885,640	1,133,551	562,245	1.70
2019	10,026,242	7,365,838	2,660,404	313,400	285,866	4.44
2020	12,177,286	8,683,551	3,493,735	345,800	256,634	5.80

Note: (1) Total Revenues does not include non-operating revenues
(2) Operating expenses only - does not include transfers or deprecation

CITY OF PRINCETON, TEXAS **Table 15**
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year	Estimated Population (1)	Personal Income	Per Capita income (2)	Average Age (3)	Grade School Enrollment (4)	Unemployment Rate (5)
2011	6,807	$ 135,472,914	$ 19,902 *	35	2,183	8.50%
2012	7,440	151,255,200	20,330	32	1,999	9.60%
2013	7,469	168,844,214	22,606	31	1,853	8.30%
2014	8,679	187,761,488	21,634	34	1,954	5.70%
2015	9,356	191,461,184	20,464	36	1,798	4.20%
2016	10,362	224,565,264	21,672	36	1,798	4.30%
2017	10,362	263,909,778	25,469	34	1,950	3.60%
2018	12,822	326,563,518	25,469	34	2,090	3.60%
2019	12,822	466,746,444	36,402	33	2,131	2.90%
2020	16,500	643,648,500	39,009	33	2,587	3.20%

Sources:

1 Kimley Horn Engineers
2 United States Census Bureau
3 Collin County
4 Princeton ISD
5 Texas Workforce Commission - (data for Collin County)
* - Estimated by NCTCOG

CITY OF PRINCETON, TEXAS **Table 16**
PRINCIPAL EMPLOYERS
SEPTEMBER 30, 2020
(unaudited)

	2020	
Name of Employer	**No. of Employees**	**Rank**
Princeton Independent School District	575	1
Walmart	300	2
City of Princeton	98	3
Villa Asuncion	70	4
McDonalds	36	5
Jack in the Box	25	6
Charley's Concrete	20	7
Tractor Supply	19	8
Taco Bell	12	9
First Bank and Trust	10	10
Totals	1,142	

	2011	
Name of Employer	**No. of Employees**	**Rank**
Princeton Independent School District	435	1
Asuncion Acosta Nursing Home	60	2
City of Princeton	34	3
Jack in the Box	25	4
Dollar General	15	5
Citizens State Bank	12	6
Texas Meter	7	7
David Copeland Sand & Gravel	6	8
Big G Auto	5	9
O'Reilly Auto Parts	5	10
	604	

Note: Total employment within City is not available

CITY OF PRINCETON, TEXAS **Table 17**
FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNTION/PROGRAM
LAST TEN FISCAL YEARS
(unaudited)

	FISCAL YEAR				
Function/Program	**2011**	**2012**	**2013**	**2014**	**2015**
General Government	5	5	5	5	5
Police	12	11	,12	,12	13
Fire	0	0	1	1	1
Municipal Court	2	2	3	3	2
Development/Code Enforcement	4	4	2	4	4
Library	1	1	1	1	1
Community Relations	0	0	0	0	1
Municipal Services	3	3	0	0	0
Streets	2	2	2	2	2
Facilities	0	0	0	0	0
Parks and Recreation	0	0	0	0	0
Utility Administration	3	3	3	3	3
Water, Sewer	2	3	5	6	6
Storm Water	0	0	0	0	0
Total	**46**	**36**	**36**	**36**	**39**

	FISCAL YEAR				
Function/Program	**2016**	**2017**	**2018**	**2019**	**2020**
General Government	5	6	6	8	7
Police	12	15	21	26	29
Fire	9	16	17	17	23
Municipal Court	3	3	3	3	4
Development/Code Enforcement	3	4	5	6	6
Library	2	2	3	3	3
Marketing & Community Events	1	1	1	1	3
Municipal Services	0	0	0	0	1
Streets	3	3	3	3	5
Facilities	4	4	5	5	5
Parks and Recreation	3	4	6	6	8
Utility Administration	3	3	4	4	4
Water, Sewer	7	9	12	12	12
Storm Water	0	2	3	3	2
Total	**43**	**55**	**72**	**97**	**112**

Source: City of Budget book

*- Beginning in FY2008, Parks, Streets, and Municipal Services were combined.
In FY2016, Parks, Facilities, and Streets are separate departments

CITY OF PRINCETON, TEXAS **Table 18**
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(unaudited)

	FISCAL YEAR									
Function/Program	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Police										
Physical arrests	267	291	296	352	236	364	378	591	452	353
Traffic violations	2,210	2,775	2,750	2,706	1,992	4,454	6,460	2,861	2,704	1,819
Fire										
Number of calls answered	1,215	1,254	1,355	1,536	1,555	1,929	2,100	2,213	2420	2583
Inspections, residential/commercial	35	42	33	155	168	178	189	241	395	388
Water/Sewer										
New connections	316	282	593	568	301	656	315	724	668	1108
Avg daily consumption (gallons)	373,000	1,163,000	1,153,000	1,054,000	1,149,000	1,250,000	1,281,417	1,453,000	1,570,000	1,919,586
Water main breaks	50	100	175	188	193	143	155	282	577	269

Sources: City departments

N/A - information not available

* Includes residential, commercial and miscellaneous permits (fence, pools, etc)

** Parks was previously reported in the street department prior to FY2017

CITY OF PRINCETON, TEXAS **Table 19**

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(unaudited)

	FISCAL YEAR									
Function/Program	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	9	11	11	12	14	15	16	20
Number of officers	12	11	,12	,12	13	12	15	15	23	27
Fire										
Fire Stations	1	1	1	1	1	1	1	1	1	1
Number of firefighters	0	0	1	1	1	9	16	17	18	23
Number of volunteer firefighters	N/A	18	12	16	24	22	24	24	20	16
Streets										
Streets (miles)	23	23	24	26	28	64	69	61.3	75.5	88.9
Number of street lights	175	175	202	232	246	309	361	420	608	785
Water/Sewer										
Water lines (miles)	27	27	27.5	27.5	30	58.8	69	80	95.7	101.9
Sanitary sewer (miles)	50	50	50.5	50.5	53	44.8	50	60.4	76.7	83.0

Sources: City departments

CITY OF PRINCETON
THE STATE OF TEXAS